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2018
Annual Report

Proxy Statement | Annual Report on Form 10-K



2019 PROXY STATEMENT

AND NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 26, 2019 | San Diego, California



May 15, 2019

Dear Stockholder:

You are cordially invited to attend the 2019 Annual Meeting of Stockholders (the “Annual Meeting”) of Inseego Corp., a Delaware corporation (the “Company”). The Annual Meeting will be held on Wednesday, June 26, 2019 at 1:00 p.m., local time, at the Company’s corporate offices located at 9605 Scranton Road, Suite 300, San Diego, California 92121.

We are pleased to take advantage of the Securities and Exchange Commission (the “SEC”) rule that allows companies to furnish proxy materials to their stockholders over the Internet. As a result, on or about May 15, 2019, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials (the “Notice”) instead of a paper copy of our proxy materials, which include our Notice of Annual Meeting of Stockholders, this proxy statement, our 2018 Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the “2018 Annual Report”), and a proxy card or voting instruction form. We believe that this process allows us to provide our stockholders with the information they need in a more timely manner, while reducing the environmental impact and lowering the costs of printing and distributing our proxy materials. The Notice contains instructions on how to access those documents on the Internet. The Notice also contains instructions on how to request a paper copy of our proxy materials. All stockholders who have previously requested a paper copy of our proxy materials will continue to receive a paper copy of the proxy materials by mail.

It is important that your shares be represented at the Annual Meeting. Whether or not you plan to attend, please vote online, by telephone or, if you requested printed copies of these materials, by signing and returning your proxy card. Any stockholder who attends the Annual Meeting may vote in person, even if the stockholder has voted online, by telephone or by mail, provided that if your shares are registered in the name of a broker, dealer, bank or other nominee, you must obtain a legal proxy from your broker, dealer, bank or other nominee and bring it with you to the Annual Meeting. If you hold your shares through an account with a broker, dealer, bank or other nominee, please follow the instructions you receive from them to vote your shares.

We hope that you will be able to attend the Annual Meeting and we look forward to seeing you.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Mondor".

Dan Mondor

Chairman and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

- Date** Wednesday, June 26, 2019
- Time** 1:00 p.m., local time
- Location** Inseego Corp.
9605 Scranton Road, Suite 300
San Diego, California 92121
- Items of Business**
- (1) Elect two directors to serve until the 2022 annual meeting of stockholders;
 - (2) Approve an amendment of the Inseego Corp. 2018 Omnibus Incentive Compensation Plan to increase the number of shares issuable under the plan by 2,053,085 shares;
 - (3) Hold an advisory vote to approve the compensation of our named executive officers, as presented in the proxy statement accompanying this notice;
 - (4) Ratify the appointment of Marcum LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019; and
 - (5) Transact any other business properly brought before the Annual Meeting or any adjournment or postponement thereof.
- Record Date** Close of business on May 3, 2019

Information concerning the matters to be voted upon at the Annual Meeting is set forth in the proxy statement accompanying this notice.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, please vote your shares online, by telephone or, if you requested printed copies of these materials, by signing and returning your proxy card. If you hold shares through an account with a broker, dealer, bank or other nominee, please follow the instructions you receive from them to vote your shares.

By Order of the Board of Directors,



Dan Mondor

Chairman and Chief Executive Officer

May 15, 2019
San Diego, California

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 26, 2019:

The Notice of Annual Meeting of Stockholders, Proxy Statement and the Company's 2018 Annual Report are available at www.inseego.com/proxymaterials.

PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in the proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting.

2019 Annual Meeting of Stockholders

Time and Date 1:00 p.m., local time on Wednesday, June 26, 2019

Location Inseego Corp., 9605 Scranton Road, Suite 300, San Diego, California 92121

Record Date Close of business on May 3, 2019

Voting Stockholders of record as of the Record Date are entitled to one vote per share on each matter to be voted upon at the Annual Meeting.

Entry Everyone attending the Annual Meeting will be required to present both proof of ownership of the Company's common stock and valid picture identification, such as a driver's license or passport. If your shares are held through an account with a broker, dealer, bank or other nominee, you will need a recent brokerage account statement or letter from your broker, dealer, bank or other nominee reflecting stock ownership as of the Record Date. If you do not have both proof of ownership of the Company's common stock and valid picture identification, you may not be admitted to the Annual Meeting. If you need directions to the Annual Meeting so that you may attend or vote in person, please contact Inseego Corp., 9605 Scranton Road, Suite 300, San Diego, California 92121, Attention: Secretary, or contact the Company's Secretary by telephone at (858) 812-3400.

Voting Matters and Board Recommendations

The Board of Directors of the Company (the "Board") is not aware of any matter that will be presented for a vote at the Annual Meeting other than those shown below.

Proposal	Board Recommendation	Page Reference
Proposal 1: Election of Directors	FOR each nominee	6
Proposal 2: Approval of the amendment of the Inseego Corp. 2018 Omnibus Incentive Compensation Plan	FOR	36
Proposal 3: Advisory Vote to Approve the Compensation of our Named Executive Officers	FOR	44
Proposal 4: Ratification of the Appointment of Marcum LLP as the Company's Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2019	FOR	46

Voting Methods

If you are a holder of record on the Record Date, you can vote your shares:



By Internet. By logging onto the secure website included on the proxy card and following the instructions provided any time up until 1:00 a.m., Pacific Time, on June 26, 2019.



By Telephone. By calling the telephone number listed on the proxy card and following the instructions provided by the recorded message any time up until 1:00 a.m., Pacific Time, on June 26, 2019.



By Mail. If you requested printed copies of these materials, by completing, signing, dating and promptly returning the proxy card in the postage-paid return envelope provided with the proxy materials for receipt prior to the Annual Meeting.



In Person. By voting in person at the Annual Meeting (if you satisfy the admission requirements, as described above). Even if you plan to attend the Annual Meeting, we encourage you to vote in advance by Internet, telephone or mail so that your vote will be counted in the event you later decide not to attend the Annual Meeting.

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INSEEGO CORP.
9605 Scranton Road, Suite 300
San Diego, California 92121

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THIS PROXY STATEMENT

What is the purpose of this proxy statement?

This proxy statement (the “Proxy Statement”) is being furnished to you on behalf of the Board to solicit your proxy to vote at the Company’s Annual Meeting of Stockholders to be held on Wednesday, June 26, 2019, at 1:00 p.m., local time, at the Company’s corporate offices located at 9605 Scranton Road, Suite 300, San Diego, California 92121. You are invited to attend the Annual Meeting to vote on the proposals described in this Proxy Statement.

Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?

As permitted by the SEC, we are making this Proxy Statement and our 2018 Annual Report available to our stockholders electronically via the Internet. On or about May 15, 2019, we are mailing to most of our stockholders the Notice in lieu of a printed copy of the proxy materials. All stockholders who have previously requested a printed copy of the Company’s proxy materials will continue to receive a printed copy of the proxy materials. All other stockholders will not receive a printed copy of the proxy materials unless one is requested.

Who is entitled to vote at the Annual Meeting?

Holders of record of our common stock as of the close of business on May 3, 2019 (the “Record Date”), are entitled to notice of, and to vote at, the Annual Meeting. If your shares of common stock were registered directly in your name with our transfer agent, Computershare Trust Company, at the close of business on the Record Date, then you are a holder of record and are entitled to notice of, and to vote at, the Annual Meeting. If your shares were not directly held in your name, but were held through an account with a broker, dealer, bank or other nominee at the close of business on the Record Date, then your shares are held in “street name” and the organization holding your account is considered the holder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to instruct your broker, dealer, bank or other nominee on how to vote your shares and are invited to attend the Annual Meeting. However, since you are not the holder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker, dealer, bank or other nominee.

What matters will be considered at the Annual Meeting?

At the Annual Meeting, our stockholders will be asked to:

- (1) Elect two directors to serve until the 2022 annual meeting of stockholders;
- (2) Approve an amendment of the Inseego Corp. 2018 Omnibus Incentive Compensation Plan, (the “Incentive Plan”), to increase the number of shares issuable under the Incentive Plan by 2,053,085 shares;
- (3) Hold an advisory vote to approve the compensation of our named executive officers, as presented in this Proxy Statement;
- (4) Ratify the appointment of Marcum LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019; and
- (5) Transact any other business properly brought before the Annual Meeting or any adjournment or postponement thereof.

How many votes do I have?

Each holder of record as of the Record Date is entitled to one vote for each share of common stock held by such holder on the Record Date. As of the close of business on May 3, 2019, 78,733,610 shares of common stock were outstanding and entitled to vote at the Annual Meeting.

What are the Board’s recommendations on how I should vote my shares?

Proposal	Board Recommendation	Page Reference
Proposal 1: Election of Directors	FOR each nominee	6
Proposal 2: Approval of the amendment of the Incentive Plan	FOR	36
Proposal 3: Advisory Vote to Approve the Compensation of our Named Executive Officers	FOR	44
Proposal 4: Ratification of the Appointment of Marcum LLP as the Company’s Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2019	FOR	46

How do I cast my vote?

If you are a holder of record on the Record Date, you can vote your shares:



In Person. By voting in person at the Annual Meeting (if you satisfy the admission requirements, as described above). Even if you plan to attend the Annual Meeting, we encourage you to vote in advance by Internet, telephone or mail so that your vote will be counted in the event you later decide not to attend the Annual Meeting.



By Telephone. By calling the telephone number listed on the proxy card and following the instructions provided by the recorded message.



By Internet. By logging onto the secure website listed on the proxy card and following the instructions provided.



By Mail. If you requested printed copies of these materials, by completing, signing, dating and promptly returning the proxy card in the postage-paid return envelope provided with the proxy materials.

If you submit a valid proxy to us before the Annual Meeting, we will vote your shares as you direct (unless your proxy is subsequently revoked in the manner described below). Telephone and Internet voting is available through 1:00 a.m., Pacific Time, on Wednesday, June 26, 2019. If you vote by mail, your proxy card must be received before the Annual Meeting to ensure that your vote is counted.

If your shares are held in “street name,” your broker, dealer, bank or other nominee will provide you with instructions on how to vote your shares. To be sure your shares are voted in the manner you desire, you should instruct your broker, dealer, bank or other nominee on how to vote your shares.

Instructing your broker, dealer, bank or other nominee how to vote your shares is important due to the stock exchange rule that prohibits your broker, dealer, bank or other nominee from voting your shares with respect to certain proposals without your express voting instructions.

If you hold your shares in “street name” and wish to attend the Annual Meeting and vote your shares in person, you must obtain a valid proxy from your broker, dealer, bank or other nominee.

Can I revoke my proxy?

Yes. However, your presence at the Annual Meeting will not automatically revoke your proxy. If you are a registered holder, you may change or revoke your proxy at any time before a vote is taken at the Annual Meeting by giving notice to the Company’s Secretary in writing during the Annual Meeting or in advance of the Annual Meeting by executing and forwarding to the Company’s Secretary a later-dated proxy or by voting a later proxy over the telephone or the Internet. If your shares are held in “street name,” you should check with the broker, dealer, bank or other nominee that holds your shares to determine how to change or revoke your vote.

What if I return a signed proxy card but do not provide voting instructions?

All properly submitted proxies, unless revoked in the manner described above, will be voted at the Annual Meeting in accordance with your instructions on the proxy. If a properly executed proxy gives no specific voting instructions, the shares of common stock represented by such proxy will be voted:

- **FOR** the election of the two director nominees to serve until the 2022 annual meeting of stockholders;
- **FOR** the approval of the amendment to the Incentive Plan;
- **FOR** the approval of the compensation of our named executive officers, as presented in this Proxy Statement;
- **FOR** the ratification of the appointment of Marcum LLP as the Company’s independent registered public accounting firm for the fiscal year ended December 31, 2019; and
- at the discretion of the proxy holders with respect to any other matter that is properly presented at the Annual Meeting.

What will constitute a quorum at the Annual Meeting?

Holders of a majority of the shares of our outstanding common stock entitled to vote at the Annual Meeting must be present at the Annual Meeting, in person or by proxy, to constitute a quorum, which is necessary to conduct the Annual Meeting. Your shares will be counted toward the quorum if you submit a properly executed proxy or are present and vote at the Annual Meeting. In addition, votes withheld from the director nominee, abstentions and broker non-votes will be treated as present for the purpose of determining the presence of a quorum for the transaction of business at the Annual Meeting. A broker non-vote occurs when a broker, dealer, bank or other nominee holding shares for a beneficial owner submits a proxy for a meeting but does not vote on a particular proposal because that holder does not have discretionary voting power with respect to that proposal and has not

received instructions from the beneficial owner. If there is no quorum, then either the chairman of the meeting or the holders of a majority in voting power of the shares of common stock that are entitled to vote at the meeting, present in person or by proxy, may adjourn the meeting until a quorum is present or represented.

How many votes are required to approve each proposal?

Proposal 1. Assuming that a quorum is present, each director will be elected by a plurality of the votes cast by holders of shares of our outstanding common stock present, in person or by proxy, and entitled to vote at the Annual Meeting. This means that nominees with the most “FOR” votes will be elected. Shares subject to a “WITHHOLD” vote will have no effect on the election’s outcome, because the candidates who receive the highest number of “FOR” votes are elected, and when candidates run unopposed, they only need a single “FOR” vote to be elected. However, because of a new provision added to our Corporate Governance Guidelines by the Board in May 2019, “WITHHOLD” votes may still have an effect on individual director nominees. Under this new provision, in an uncontested election, the Board will nominate for election or re-election as a director only candidates who agree to tender, prior to being nominated, irrevocable resignations that will be effective if such director nominee receives more “WITHHOLD” votes than “FOR” votes at the Annual Meeting. If a director nominee receives more “WITHHOLD” votes than “FOR” votes at the Annual Meeting, the remaining Board members will determine whether to accept the resignation. See *Corporate Governance — Plurality Plus Voting for Directors; Director Resignation Policy* below. Broker non-votes will have no effect on Proposal 1.

Proposal 2. Assuming that a quorum is present, the approval of the amendment of the Incentive Plan to increase the number of shares issuable under the Incentive Plan by 2,053,085 shares will require the affirmative vote of the holders of a majority of the shares of our outstanding common stock present, in person or by proxy, and entitled to vote at the Annual Meeting. Abstentions will have the same effect as votes against Proposal 2. Broker non-votes will have no effect on Proposal 2.

Proposal 3. Assuming that a quorum is present, the advisory vote to approve the compensation of our named executive officers, as presented in this Proxy Statement, will require the affirmative vote of the holders of a majority of the shares of our outstanding common stock present, in person or by proxy, and entitled to vote at the Annual Meeting. Abstentions will have the same effect as votes against Proposal 3. Broker non-votes will have no effect on Proposal 3.

Proposal 4. Assuming that a quorum is present, the ratification of the appointment of Marcum LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019 will require the affirmative vote of the holders of a majority of the shares of our outstanding common stock present, in person or by proxy, and entitled to vote at the Annual Meeting. Abstentions will have the same effect as votes against Proposal 4. Proposal 4 is considered a routine matter under applicable rules. A broker, dealer, bank or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected in connection with Proposal 4.

What happens when multiple stockholders share an address?

A number of brokers with account holders who are stockholders of the Company will be “householding” our proxy materials. A single copy of the proxy materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in “householding” and would prefer to receive a separate copy of the proxy materials, please notify your broker and direct a written request to Inseego Corp., 9605 Scranton Road, Suite 300, San Diego, California 92121, Attention: Secretary, or contact the Company’s Secretary by telephone at (858) 812-3400. Stockholders who currently receive multiple copies of the proxy materials at their address and would like to request “householding” of future communications should contact their broker. In addition, upon written or oral request to the address or telephone

number set forth above, we will promptly deliver a separate copy of the proxy materials to any stockholder at a shared address to which a single copy of the documents was delivered.

What does it mean if I received more than one proxy card?

If you requested printed copies of these materials and you received more than one proxy card, your shares are likely registered in more than one name or are held in more than one account. Please complete, sign, date and promptly return each proxy card to ensure that all of your shares are voted.

Where else are the proxy materials available?

Our Notice of Annual Meeting of Stockholders, this Proxy Statement, the 2018 Annual Report and related materials are available for your review at www.inseego.com/proxymaterials.

Who will bear the costs of soliciting votes for the Annual Meeting?

Our Board is soliciting the accompanying proxy, and the Company will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. We may reimburse brokerage firms, custodians, nominees, fiduciaries and other persons representing beneficial owners for their reasonable expenses in forwarding solicitation material to such beneficial owners. Our directors, officers and employees may also solicit proxies in person or by other means of communication. Such directors, officers and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation.

Where can I find the voting results of the Annual Meeting?

The preliminary voting results will be announced at the Annual Meeting. The final voting results will be reported in a current report on Form 8-K, which will be filed with the SEC within four business days after the Annual Meeting. If our final voting results are not available within four business days after the Annual Meeting, we will file a current report on Form 8-K reporting the preliminary voting results and subsequently file the final voting results in an amendment to the current report on Form 8-K within four business days after the final voting results are known to us.

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 26, 2019: The Notice of Annual Meeting of Stockholders, this Proxy Statement and the 2018 Annual Report are available at www.inseego.com/proxymaterials.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors constituting the entire Board, and each class has a three-year term. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of their election and qualification until the third annual meeting of stockholders following such election. There are currently five directors serving on the Board and two directors whose terms of office are scheduled to expire at the upcoming Annual Meeting.

The Nominating and Corporate Governance Committee of our Board (the “Nominating and Corporate Governance Committee”) has recommended that each of Dan Mondor and Brian Miller be elected to serve a three-year term expiring at the 2022 annual meeting of stockholders. Mr. Mondor is an incumbent director and was initially recommended to the Nominating and Corporate Governance Committee by a non-management director. Mr. Miller is an incumbent director and was initially designated for appointment by North Sound Trading, L.P., a security holder, pursuant to the terms of the Securities Purchase Agreement, dated August 6, 2018, by and among the Company, Golden Harbor Ltd. and North Sound Trading, L.P. (the “Purchase Agreement”).

Assuming that a quorum is present, each director will be elected by a plurality of the votes cast by holders of shares of our outstanding common stock present, in person or by proxy, and entitled to vote at the Annual Meeting. In accordance with our Corporate Governance Guidelines, each director nominee has agreed to tender an irrevocable resignation that will be effective only if such director nominee receives more "WITHHOLD" votes than "FOR" votes at the Annual Meeting. If a director nominee receives more "WITHHOLD" votes than "FOR" votes at the Annual Meeting, the remaining Board members will determine whether to accept the resignation.

This section contains information about the director nominees and the directors whose terms of office continue after the Annual Meeting.

Nominees to be Elected for a Term Expiring at the 2022 Annual Meeting of Stockholders**Dan Mondor****Chief Executive Officer and Director since June 2017
Chairman of the Board since August 2018**

Mr. Mondor, age 63, has served as the Company's Chief Executive Officer and a member of our Board since June 2017. Mr. Mondor also served as President of the Company from June 2017 until August 2018, when he was appointed to serve as Chairman of our Board. Prior to joining the Company, from April 2016 to June 2017, Mr. Mondor provided corporate strategy and M&A advisory services to the telecommunications industry through his private consulting firm, The Mondor Group, LLC. From March 2015 to March 2016, he was President and Chief Executive Officer of Spectralink Corporation, a private equity-owned global company that designs and manufactures mobile-workforce telecommunications products, including Android based industrial WiFi devices, for global enterprises. From April 2008 to November 2014, Mr. Mondor was the President and Chief Executive Officer of Concurrent Computer Corporation, a global company that designs and manufactures IP video delivery systems and real-time Linux based software solutions for the global services provider, military, aerospace and financial services industries. From February 2007 to March 2008, he was President of Mitel Networks, Inc., a subsidiary of Mitel Networks Corporation, a global company that designs and manufactures business communications systems and mobile communications technology that serve the enterprise and wireless carrier markets. Prior to that, Mr. Mondor held a number of executive management positions at Nortel Networks, including Vice President and General Manager of Enterprise Network Solutions and Vice President of Global Marketing for Nortel's \$10 billion Optical Internet business. Mr. Mondor holds a Master of Science degree in Electrical Engineering from the University of Ottawa and a Bachelor of Science degree in Electrical Engineering from the University of Manitoba. Mr. Mondor's substantial experience in the telecommunications and technology industries, gained from senior executive positions at leading global corporations, and his unique understanding of our operations, opportunities and challenges, provide a particularly relevant and informed background for him to serve as a member of our Board.

Brian Miller**Director since August 2018**

Mr. Miller, age 52, was appointed to the Board in August 2018 pursuant to the terms of the Purchase Agreement. Mr. Miller has served as Chief Investment Officer of North Sound Partners, a family office based in Greenwich, Connecticut, since August 2012. Through North Sound Associates, the partnership invests in alternative investment strategies which can include hedge funds, private equity, and venture capital funds. Mr. Miller has also served as General Partner of North Sound Ventures, which invests directly in early stage growth companies, since August 2012. From 1991 to July 2012, Mr. Miller held various positions with Elliott Associates (“Elliott”), a hedge fund based in New York. When Mr. Miller retired from Elliott in July 2012, he was one of four equity partners and held the title of Chief Trading Officer. He was a member of Elliott’s Management Committee and also served on the Valuation and Risk Committees. Mr. Miller’s responsibilities encompassed all of global trading, including structured products, commodities, fixed-income arbitrage and portfolio protection strategies. Prior to starting with Elliott in August 1991, Mr. Miller was a Vice President at Yamaichi International where he specialized in arbitrage strategies. Mr. Miller received a Bachelor of Science degree in Economics from the University at Albany in 1988. Mr. Miller is a Chartered Financial Analyst and received his C.F.A. designation in 1992. Mr. Miller previously served on the Board of the Manhattan Institute for Policy Research in NYC and also served on the board of Avatex Corporation, a publicly listed company. Mr. Miller has a strong financial background, including private equity and hedge fund investment experience. His expertise in evaluating business and investment opportunities across numerous industries, and his ability to think creatively in considering ways to maximize long-term shareholder value provide a valuable background for him to serve as a member of our Board and the Audit Committee of our Board (the “Audit Committee”).

Directors with Terms Expiring at the 2020 Annual Meeting of Stockholders***Jeffrey Tudor******Director since June 2017***

Mr. Tudor, age 46, was appointed to the Board in June 2017. Mr. Tudor is and has been the Founder and Managing Member of Tremson Capital Management, LLC (“Tremson”), a private investment firm focused on identifying and investing in securities of undervalued publicly-traded companies since April 2015 and has been a Partner of Ambina Partners, a private investment firm that makes private equity and credit investments since June 2017. Prior to founding Tremson, he held positions at SEC-registered investment advisors that primarily invest in undervalued securities of publicly traded companies, including serving as the Director of Research for KSA Capital Management, LLC from 2012 until April 2015 and as a Senior Analyst at JHL Capital Group, LLC during 2011. From 2007 until 2010, Mr. Tudor was a Managing Director of CapitalSource Finance, LLC, a publicly-traded commercial finance company, where he analyzed and underwrote special situation credit investments in the leveraged loan and securitized bond markets. From 2005 until 2007, Mr. Tudor was a member of the investment team at Fortress Investment Group, LLC (“Fortress”), where he analyzed, underwrote and managed private equity investments for several of Fortress’s private equity investment vehicles. Mr. Tudor began his career in various investment capacities at Nassau Capital, a privately-held investment firm that managed the private portion of Princeton University’s endowment and ABS Capital Partners, a private equity firm affiliated with Alex Brown & Sons. Mr. Tudor has served on the board of directors of SeaChange International Inc. (SEAC), a video delivery platform provider since February 2019 where he is Chairman of the Audit Committee, and on the board of directors of Allparts Music Corporation, a musical instrument parts supplier, since January 2018. Mr. Tudor previously served on the board of directors of MRV Communications, Inc. (MRVC), a communications equipment and services company, until August 2017, where he also served as Chairman of the audit committee prior to its sale to Adva Optical Networking. Mr. Tudor also serves as a director of a number of privately held companies. Mr. Tudor received a Bachelor of Arts degree from Yale University. Mr. Tudor’s private equity and hedge fund investment experience, his expertise in evaluating both public and private investment opportunities across numerous industries, and his ability to think creatively in considering ways to maximize long-term shareholder value provide a valuable background for him to serve as a member of our Board, as Chair of our Audit Committee and as a member of each of the Compensation Committee of our Board (the “Compensation Committee”) and the Nominating and Corporate Governance Committee.

James B. Avery**Director since August 2018**

Mr. Avery, age 55, was appointed to the Board in August 2018 pursuant to the terms of the Purchase Agreement. Mr. Avery joined Tavistock Group in July 2014 and is currently a Senior Managing Director. From 2003 to June 2014, Mr. Avery was a Managing Director and Co-Founder of GCA Savvian, a boutique investment bank, in addition to holding the position of Representative Director for GCA Corporation, GCA Savvian's parent company publicly traded on the Tokyo Stock Exchange. Prior to GCA Savvian, Mr. Avery spent 10 years at Morgan Stanley, working in the New York and Silicon Valley offices where he advised clients across a number of industries on strategic, merger & acquisition and capital market transactions. Mr. Avery has also held roles at Edward M. Greenberg Associates, Burson-Marsteller, Westdeutsche Landesbank, and Republic National Bank of New York. Mr. Avery is currently a member of the board of directors of RoundPoint Mortgage Servicing Corporation and Boxer Capital. Mr. Avery received his Bachelor of Science in Finance from Miami University in 1986. Mr. Avery's management background and expertise in strategic corporate matters and capital markets provide a valuable background for him to serve as a member of our Board, as Chairman of our Nominating and Corporate Governance Committee, and as a member of the Compensation Committee.

Director with Term Expiring at the 2021 Annual Meeting of Stockholders**Robert Pons****Director since October 2014**

Mr. Pons, age 63, was originally appointed to the board of directors of Novatel Wireless, Inc., our predecessor issuer, in October 2014 pursuant to the terms of the Investors' Rights Agreement, dated September 8, 2014, by and between Novatel Wireless, Inc. and HC2 Holdings 2, Inc. ("HC2") and became a member of the Board in connection with the internal reorganization that was completed in November 2016. Mr. Pons was re-elected to the Board in 2018. Mr. Pons is the President and Chief Executive Officer of Spartan Advisors Inc., a management consulting firm specializing in telecom and technology companies. From May 2014 until January 2017, he was Executive Vice President of Business Development and from September 2011 until June 2016 was on the board of directors of HC2 Holdings, Inc. (NYSE MKT: HCHC), a publicly traded diversified holding company with a diverse array of operating subsidiaries, including telecom/infrastructure, construction, energy, technology, gaming and life sciences companies. From February 2011 to April 2014, Mr. Pons was Chairman of Live Micro Systems, Inc. (formerly Livewire Mobile), a comprehensive one-stop digital content solution for mobile carriers. From January 2008 until February 2011, Mr. Pons was Senior Vice President of TMNG Global (now Cartesian), a leading provider of professional services to the telecommunications industry and the capital formation firms that support it. From January 2003 until April 2007, Mr. Pons served as President and Chief Executive Officer of Uphonia, Inc. (previously SmartServ Online, Inc.), a wireless applications service provider. From March 1999 to August 2003, Mr. Pons was President of FreedomPay, Inc., a wireless device payment processing company. During the period January 1994 to March 1999, Mr. Pons was President of Lifesafety Solutions, Inc., a software company catering to 911 call centers. Mr. Pons currently also serves on the board of directors of SeaChange International Inc. (SEAC), a video delivery platform provider, and on the board of directors of Alaska Communications (ALSK), a provider of advanced broadband and managed IT services. Mr. Pons previously served on the boards of directors of Network-1 Technologies, Inc., Arbinet Corporation, PTGi, Inc., HC2 Holdings, Inc., Proxim Wireless Corporation, MRV Communications, Inc., DragonWave-X and Concurrent Computer Corporation. Mr. Pons holds a Bachelor of Arts degree from Rowan University with Honors. Mr. Pons has over 30 years of management experience with telecommunications companies including MCI, Inc., Sprint, Inc. and Geotek, Inc. Mr. Pons's experience serving on public company boards of directors, his knowledge and expertise as a pioneer in the telecommunications industry and his experience as a senior level executive working in the telecommunications industry provide a relevant and informed background for him to serve as a member of our Board, as Chair of the Compensation Committee and as a member of each of the Audit Committee and the Nominating and Corporate Governance Committee.

In the vote on the election of each director nominee, stockholders may:

- Vote **FOR** the nominee; or
- **WITHHOLD** authority to vote for the nominee.



THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE ABOVE-NAMED DIRECTOR NOMINEES.

CORPORATE GOVERNANCE

Director Independence

Under the listing requirements of The NASDAQ Stock Market LLC (“NASDAQ”), a majority of the members of our Board must be independent. The Board has determined that our current non-management directors, Messrs. Avery, Miller, Pons and Tuder, are each “independent” within the meaning of the NASDAQ listing requirements. Mr. Mondor is not “independent” under the NASDAQ listing requirements because he is an employee of the Company.

Director Nominations

Qualifications. The Nominating and Corporate Governance Committee considers a number of factors in its evaluation of director candidates, including the members of the Board eligible for re-election. These factors include relevant business experience, expertise, character, judgment, length of potential service, diversity, independence, other commitments and the current needs of the Board and its committees. In the case of incumbent directors, the Nominating and Corporate Governance Committee also considers a director’s overall service to the Company during his or her term, including the number of meetings attended, level of participation and quality of performance.

While the Nominating and Corporate Governance Committee has not established specific criteria related to a director candidate’s education, experience level or skills, it expects qualified candidates will have appropriate experience and a proven record of business success and leadership. The Nominating and Corporate Governance Committee believes the Board should be comprised of a diverse group of individuals with significant and relevant senior management and leadership experience, an understanding of technology relevant to the Company and its business, a long-term and strategic perspective and the ability to advance constructive debate and a global perspective. While the Board considers diversity in its evaluation of candidates, the Board does not have a policy specifically focused on diversity.

The Nominating and Corporate Governance Committee has adopted a retirement policy that provides that a non-management director will not be nominated for a term that would begin after such director’s 72nd birthday. The policy enables the Board to approve the nomination of a non-management director after the age of 72 if, due to special or unique circumstances, it is in the best interest of the Company and its stockholders that such director continue to be nominated for re-election to the Board.

Stockholder Recommendations and Nominations. The Nominating and Corporate Governance Committee considers recommendations of potential director candidates from stockholders based on the same criteria as a candidate identified by an individual director or the Nominating and Corporate Governance Committee.

In order to nominate a person for election at our next annual meeting of stockholders, a stockholder must provide timely notice in proper form and delivered to, or mailed and received at, the principal executive offices of the Company not earlier than the 120th day nor later than the close of business on the 90th day prior to the one-year anniversary of the preceding year’s annual meeting; provided, however, that if the date of the annual meeting of stockholders is more than 30 days before or more than 60 days after such anniversary date, the recommendation must be delivered, or mailed and received, not earlier than the close of business on the 120th day prior to such annual meeting of stockholders and not later than the close of business on the 90th day prior to such annual meeting of stockholders or, if later, the 10th day following the day on which public disclosure of the date of such annual meeting of stockholders was first made. A stockholder’s notice recommending a candidate must include the following:

- As to each Nominating Person (as defined below):
 - (i) the name and address of such Nominating Person (including, if applicable, the name and address that appear on the Company's books and records); and
 - (ii) the class or series and number of shares of the Company's common stock that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations, the "Exchange Act")) by such Nominating Person;
- As to each Nominating Person, any Disclosable Interests (as defined in Section 5(c)(ii) of the Amended and Restated Bylaws of the Company (the "Bylaws"));
- As to each Nominating Person:
 - (i) a representation that the Nominating Person is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose the recommendation; and
 - (ii) a representation as to whether the Nominating Person intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to approve or adopt the recommendation and/or (2) otherwise to solicit proxies or votes from stockholders in support of the recommendation; and
- As to each person whom a Nominating Person proposes to nominate for election as a director:
 - (i) all information relating to such proposed nominee that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14(a) under the Exchange Act (including such proposed nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected);
 - (ii) a description of all direct and indirect compensation and other material agreements, arrangements, and understandings during the past three years, and any other material relationships, between or among any Nominating Person, on the one hand, and each proposed nominee, his or her respective associates or any other participants in such solicitation, and any other persons with whom such proposed nominee (or any of his or her respective associates or other participants in such solicitation) is Acting in Concert (as defined in Section 5(c) of the Bylaws), on the other hand; and
 - (iii) a completed and signed questionnaire, representation, and agreement as provided in Section 6(h) of the Bylaws.

For purposes of this Proxy Statement, the term “Nominating Person” shall mean:

- (i) the stockholder providing the notice of the nomination proposed to be made at the meeting;
- (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made;
- (iii) any participant with such stockholder or beneficial owner in such solicitation or associate of such stockholder or beneficial owner; and
- (iv) any other person with whom such stockholder or such beneficial owner (or any of their respective associates or other participants in such solicitation) is Acting in Concert (as defined in Section 5(c) of the Bylaws).

The Nominating Person’s notice must be signed and delivered to the following address:

Inseego Corp.
c/o Secretary
9605 Scranton Road, Suite 300
San Diego, California 92121

Plurality Plus Voting for Directors; Director Resignation Policy

Our Corporate Governance Guidelines were amended by the Board in May 2019 to contain a "plurality plus" voting standard for the election of directors. Pursuant to our Bylaws, directors are elected by a plurality of the votes cast at a meeting of stockholders. However, the newly adopted "plurality plus" voting standard provides that, in an uncontested election (that is, an election where the number of persons properly nominated to serve as directors does not exceed the number of directors to be elected), the Board will nominate for election or re-election as a director only candidates who agree to tender, prior to being nominated, irrevocable resignations that will be effective if (i) the candidate receives more “WITHHOLD” votes than “FOR” votes at an annual meeting at which they are elected, and (ii) the Board accepts the resignation.

If a director receives more “WITHHOLD” votes than “FOR” votes at an annual meeting at which he or she is elected, the Nominating and Corporate Governance Committee will act on an expedited basis to consider whether the Board should accept or reject such director’s resignation and will submit a recommendation to the Board for prompt consideration by the Board. The Nominating and Corporate Governance Committee will consider all factors deemed relevant by the members of such committee when considering whether the Board should accept or reject such director’s resignation. The Board then is required to act on the committee's recommendation no later than ninety (90) days after certification of stockholder vote for the election, provided that the period may be extended by an additional ninety (90) days if the Board determines that such an extension is in the best interest of the Company and its stockholders. A director whose resignation is under consideration is expected to abstain from any decisions by either the Nominating and Corporate Governance Committee or the Board regarding such director’s resignation.

Following the Board's decision, we will promptly disclose the Board's decision to accept or reject the resignation by filing a Current Report on Form 8-K, including a full explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation.

Code of Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics that is applicable to all of our directors, officers and employees. The purpose of the Code of Conduct and Ethics is to, among other things, focus our directors, officers and employees on areas of ethical risk, provide guidance to help them recognize and deal with ethical issues, provide mechanisms to report concerns regarding possible unethical or unlawful conduct and to help enhance and

formalize our culture of integrity, respect and accountability. We distribute copies of the Code of Conduct and Ethics to, and conduct periodic training sessions regarding its content for, our newly elected directors and newly hired officers and employees. We will post information regarding any amendment to, or waiver from, our Code of Conduct and Ethics on our website as required by applicable law. A copy of our Code of Conduct and Ethics is available on our website at *investor.inseego.com* under “Corporate Governance”.

Communications with the Board

Stockholders and other interested parties may communicate with the Board, the non-management directors or specific directors by mail addressed to:

Inseego Corp.
c/o Secretary
9605 Scranton Road, Suite 300
San Diego, California 92121

The communication should clearly indicate whether it is intended for the Board, the non-management directors or a specific director. Our Secretary will review all communications and will, on a periodic basis, forward all communications to the appropriate director or directors, other than those communications that are merely solicitations for products or services or that relate to matters that are clearly improper or irrelevant to the functioning of the Board.

INFORMATION REGARDING THE BOARD AND ITS COMMITTEES

The Board currently consists of five members, four of whom are non-management directors. The Board is divided into three classes with each class serving a three-year term. The term of one class expires at each annual meeting of stockholders of the Company.

There are no family relationships among any of our directors and/or executive officers. There are currently no legal proceedings, and during the past 10 years there have been no legal proceedings, that are material to the evaluation of the ability or integrity of any of our directors.

Board Meetings and Director Attendance

Each director is expected to devote sufficient time, energy and attention to ensure diligent performance of his duties and to attend all meetings of the Board and the committees on which he serves. In 2018, the Board met four times and each incumbent Board member attended at least 75% of the meetings of the Board and the committees on which he served during the period for which he was a director or committee member.

Annual Meeting of Stockholders

While we encourage our directors to attend our annual meetings of stockholders, we do not have a formal policy regarding their attendance. Messrs. Pons and Mondor attended the 2018 annual meeting of stockholders, as did Mr. Miller even though he had not yet been appointed to serve on the Board.

Board Committees

The Board currently has three standing committees: an Audit Committee; a Compensation Committee; and a Nominating and Corporate Governance Committee. Each committee operates under a written charter adopted by the Board. All of the charters are publicly available on our website at investor.inseego.com under "Corporate Governance." You may also obtain a copy of these charters upon sending a written request to our Secretary at our principal executive offices.

Upon the recommendation of the Nominating and Corporate Governance Committee, the Board appoints committee members annually. The table below sets forth the current composition of our Board committees:

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
James B. Avery		✓	<input checked="" type="checkbox"/>
Brian Miller	✓		
Robert Pons	✓	<input checked="" type="checkbox"/>	✓
Jeffrey Tudor	<input checked="" type="checkbox"/>	✓	✓

Chair ✓ Member

Audit Committee

The Audit Committee oversees our accounting and financial reporting processes and the audits of our financial statements and internal control over financial reporting.

The functions and responsibilities of the Audit Committee include:

- engaging our independent registered public accounting firm and conducting an annual review of the independence of that firm;
- reviewing with management and the independent registered public accounting firm the scope and the planning of the annual audit;
- reviewing the annual audited financial statements and quarterly unaudited financial statements with management and the independent registered public accounting firm;
- reviewing the findings and recommendations of the independent registered public accounting firm and management's response to the recommendations of that firm;
- discussing with management and the independent registered public accounting firm, as appropriate, the Company's policies with respect to financial risk assessment and financial risk management;
- overseeing compliance with applicable legal and regulatory requirements, including ethical business standards;
- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- establishing procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- preparing the Audit Committee Report to be included in our annual proxy statement;
- monitoring ethical compliance, including review of related party transactions; and
- periodically reviewing the adequacy of the Audit Committee charter.

In 2018, the Audit Committee met five times.

Our independent registered public accounting firm reports directly to the Audit Committee. Each member of the Audit Committee must have the ability to read and understand fundamental financial statements and at least one member must have past employment experience in finance or accounting, and the requisite professional certification in accounting or another comparable experience or background. The Board has determined that each member of the Audit Committee is "independent" as defined by the NASDAQ listing requirements and SEC rules. The Board has also determined that Mr. Tuder, the Chair of the Audit Committee, meets the requirements of an "audit committee financial expert" as defined by SEC rules.

Compensation Committee

The Compensation Committee establishes, administers and oversees compliance with our policies, programs and procedures for compensating our executive officers and the Board.

The functions and responsibilities of the Compensation Committee include:

- establishing and reviewing our general compensation policies and levels of compensation applicable to our executive officers and our non-management directors;
- evaluating the performance of, and determining the compensation for, our executive officers, including our Chief Executive Officer;
- reviewing regional and industry-wide compensation practices in order to assess the adequacy and competitiveness of our executive compensation programs;

- administering our employee benefits plans, including approving awards of stock, restricted stock units (“RSUs”) and stock options to employees and other parties under our equity incentive compensation plans; and
- periodically reviewing the adequacy of the Compensation Committee charter.

In 2018, the Compensation Committee met six times. The Board has determined that each member of the Compensation Committee is “independent” as defined by the NASDAQ listing requirements and SEC rules.

Compensation Committee’s Role in Establishing Compensation

The Compensation Committee makes all compensation decisions for our executive officers, including grants of equity awards. The Compensation Committee believes that one of its key functions is to help ensure that our executives are fairly and reasonably compensated based on their performance and contribution to the Company’s growth and profitability, and it seeks to make compensation decisions that support our compensation philosophy and objectives. The agenda for meetings of the Compensation Committee is determined by its Chair, with the assistance of our Chief Executive Officer and our Chief Financial Officer.

The Compensation Committee has the sole authority to retain and supervise one or more outside advisors, including outside counsel and consulting firms, to advise the Compensation Committee on executive and director compensation matters and to terminate any such adviser. In addition, the Compensation Committee has the sole authority to approve the fees of an outside adviser and other terms of such adviser’s retention by the Company. Since late 2014, the Compensation Committee has retained Compensia, Inc. (“Compensia”) as its compensation consultant.

The compensation consultant’s role is to provide independent third-party advice to assist the Compensation Committee in evaluating and designing our executive compensation policies and programs, including:

- providing recommendations regarding the composition of our comparator group;
- reviewing and assisting with recommendations regarding current executive compensation levels relative to the market and our performance, including with respect to the retention and promotion of executive officers;
- advising on trends in executive compensation, including best practices; and
- advising on aligning pay and performance.

The Compensation Committee is responsible for reviewing fees paid to compensation consultants to ensure that the consultants maintain their objectivity and independence when rendering advice to the Compensation Committee regarding executive compensation matters.

The Compensation Committee reviewed the services provided by Compensia to the Compensation Committee and based on this review has determined that the provision of such services did not give rise to any conflict of interest, taking into account such factors as required by the SEC and applicable law and such other factors as the Compensation Committee determined to be relevant.

The Compensation Committee has the authority to delegate any of its responsibilities to one or more subcommittees as the Compensation Committee may deem appropriate in its sole discretion. In addition, the Compensation Committee may delegate to management certain duties and responsibilities regarding our benefit plans, including for example, the authority to grant equity awards to non-officer employees of the Company.

Management's Role in Establishing Compensation

Our Chief Executive Officer and our Chief Financial Officer attend Compensation Committee meetings to discuss matters under consideration by the Compensation Committee and to answer questions regarding those matters. The Compensation Committee also regularly meets in executive sessions without any members of management present.

The Compensation Committee members hold discussions with our Chief Executive Officer concerning the compensation for other executive officers. Our Chief Executive Officer provides his assessment of each individual's responsibilities, contribution to the Company's results and potential for future contributions to the Company's success. The Compensation Committee considers this input, but has final authority to set the compensation amounts for all executive officers in its discretion. The Compensation Committee discusses proposals for our Chief Executive Officer's compensation package with him but always makes final decisions regarding his compensation when he is not present. The Compensation Committee also reviews market data and other relevant information provided by the compensation consultant when considering competitive and market factors in compensation, elements of compensation packages and possible changes to the compensation of our executive officers.

With oversight by the Compensation Committee, our human resources department administers our executive compensation program to implement the compensation decisions made by the Compensation Committee for our executive officers.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee considers, evaluates and nominates director candidates, including the members of the Board eligible for re-election and the recommendations of potential director candidates from stockholders.

The functions and responsibilities of the Nominating and Corporate Governance Committee include:

- developing and recommending a set of corporate governance guidelines applicable to the Company;
- identifying and evaluating candidates to serve on the Board, including determining whether incumbent directors should be nominated for re-election to the Board, and reviewing and evaluating director nominees submitted by stockholders;
- reviewing possible conflicts of interest of prospective Board members;
- recommending director nominees;
- establishing procedures and guidelines for individuals to be considered to become directors;
- recommending the appropriate size and composition of the Board and each of its committees;
- overseeing periodic evaluations of the performance of the Board, the Board committees and the directors;
- monitoring the continued legal compliance of our established principles and policies; and
- periodically reviewing the adequacy of the Nominating and Corporate Governance Committee charter.

In 2018, the Nominating and Corporate Governance Committee met four times. The Board has determined that each member of the Nominating and Corporate Governance Committee is "independent" as defined by the NASDAQ listing requirements.

Board Leadership Structure

Our Board is chaired by Mr. Mondor who is also our Chief Executive Officer. We do not currently have a lead independent director. Our Board believes that Mr. Mondor is best situated to serve as Chairman because he is the director who is most familiar with our business and the telecommunications and technology industries, possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing the Company and is therefore, best positioned to ensure that the Board's time and attention are focused on the most critical matters. In addition, we have a majority of independent directors with a discrete and independent committee system, and hold regular meetings of non-management directors in executive session.

While its optimal leadership structure may change over time, the Board believes that its current structure provides good corporate governance, accountability, and effective oversight of the Company's management.

Board's Role in Risk Oversight

The Board plays an active role in the Company's risk oversight and is responsible for overseeing the processes established to report and monitor systems that mitigate material risks applicable to the Company. The Board delegates certain risk management responsibilities to the committees of the Board. The Audit Committee reviews and discusses with management the Company's policies regarding risk assessment and risk management and the Company's significant financial risk exposures and the actions that management has taken to limit, monitor or control those exposures. The Compensation Committee reviews the compensation of the Company's executive officers at least annually and considers the design of compensation programs and arrangements and potential risks presented thereby. The Nominating and Corporate Governance Committee considers potential risks presented by corporate governance issues affecting the Company and makes recommendations to the Board as appropriate. Each of these committees regularly reports to the Board on matters that involve the specific areas of risk that each committee oversees. The Board also receives regular reports on the Company's risk management from senior representatives of the Company's independent registered public accounting firm.

Director Compensation

We use a combination of cash and equity-based incentive compensation to attract and retain qualified candidates to serve on the Board. Upon the recommendation of the Compensation Committee, the Board makes all compensation decisions for our non-management directors. In recommending director compensation, the Compensation Committee considers, among other things, the amount of time required of directors to fulfill their duties. A director who is also an employee of the Company does not receive additional compensation for serving as a director.

Cash Compensation. The Board has approved the following components of the annual cash retainer fee to our non-management directors for Board and Board committee service in 2018 (which amounts are prorated for directors that only served for a portion of the year):

	<u>Chair</u>	<u>Each Other Member</u>
Board of Directors	\$80,000	\$ 40,000
Audit Committee	\$20,000	\$ 10,000
Compensation Committee	\$14,000	\$ 6,000
Nominating and Corporate Governance Committee	\$10,000	\$ 5,000

Equity-Based Compensation. The Board has approved the following components for equity compensation to be awarded to each non-management director of the Company:

- An initial equity award upon joining the Board in the form of RSUs with an economic value of \$145,000. The RSUs vest in three equal annual installments beginning with the first anniversary of the grant date.
- Thereafter, an annual equity award in the form of either (i) RSUs with an economic value of \$85,000 that vest in full on the first anniversary of the grant date, or (ii) at the director's election, a combination of RSUs with an economic value of \$42,500 that vest in full on the first anniversary of the grant date plus stock options that vest in full on the first anniversary of the grant date; with the number of stock options determined using a Black Scholes formula based on an approximate economic value of \$42,500.

In February 2018, the Compensation Committee determined the number of RSUs to be awarded to each non-management director then in office (other than Mr. Licht) (46,196 RSUs based on an economic value of \$85,000 and an assumed \$1.84 per share estimated value), or the number of RSUs and stock options for directors who elected to receive a combination of RSUs and stock options (23,098 RSUs based on an economic value of \$42,500 and an assumed \$1.84 per share estimated value, and 28,446 stock options with an exercise price of \$1.93 per share). The RSUs and RSU/stock option combinations were granted effective as of February 15, 2018 and vested in full on February 15, 2019, or in the case of the award granted to Mr. Falcone, on August 6, 2018 as described in footnote 4 to the table below. In February 2018, the Compensation Committee granted Mr. Licht 78,804 RSUs, vesting annually over three years, in recognition of the fact that he joined the Board in 2018. In addition, in February 2018, the Compensation Committee also granted Mr. Tuder 87,667 RSUs, vesting annually over two years from the grant date. The RSU award was based on an economic value of \$161,307 and an assumed \$1.84 per share estimated value. This award was a correction to award additional RSUs that should have been awarded to Mr. Tuder as part of his initial equity award in 2017.

Director Compensation Table. The table below summarizes the compensation paid to our non-management directors for service on the Board for the fiscal year ended December 31, 2018. In addition to the payments below, the Company reimburses directors for reasonable out-of-pocket expenses incurred in connection with attending Board and Board committee meetings.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾ ⁽²⁾	Option Awards (\$) ⁽¹⁾⁽²⁾	All Other Compensation (\$)	Total (\$)
James B. Avery ⁽³⁾	24,000	77,742	—	—	101,742
Brian Miller	25,000	150,950	—	—	175,950
Robert Pons	72,750	89,158	—	—	161,908
Jeffrey Tuder	71,000	213,776	38,505	—	323,281
Philip Falcone ⁽⁴⁾	40,000	44,579	38,505	—	123,084
Mark Licht	30,500	152,092 ⁽⁵⁾	—	108,487 ⁽⁶⁾	291,079

- (1) Represents the aggregate grant date fair value of the equity awards granted in 2018 as computed in accordance with Accounting Standards Codification ("ASC") Topic 718, excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in Note 8, *Share-based Compensation*, in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

- (2) The following table shows, for each of our non-management directors, the aggregate number of shares subject to stock and option awards outstanding as of December 31, 2018. All option awards reported in the table below were vested in full as of December 31, 2018.

<u>Name</u>	<u>Stock Awards (#)</u>	<u>Option Awards (#)</u>
James B. Avery	—	—
Brian Miller	42,521	—
Robert Pons	46,196	100,000
Jeffrey Tuder	110,765	28,446
Philip Falcone	—	—
Mark Licht	—	—

- (3) Mr. Avery was entitled to receive an initial equity award in 2018 in connection with joining the Board in 2018. However, the initial equity award of 42,521 RSUs, with an economic value of \$77,741.84 based on an assumed \$1.84 per share estimated value, was actually granted on February 15, 2019. As required by the terms of his employment with Tavistock Financial, LLC, all cash director fees earned by Mr. Avery are paid to Tavistock Foundation, Inc., a non-profit incorporated and existing under the laws of the State of Florida. In addition, Mr. Avery is obligated to transfer any shares issued pursuant to any equity awards made to him by the Company, or the economic benefits thereof, to Tavistock Financial LLC.
- (4) Mr. Falcone resigned from the Board effective as of August 6, 2018. Upon his resignation, the Board voted to accelerate vesting of all outstanding RSU awards and stock options held by Mr. Falcone, which as a result vested on August 6, 2018.
- (5) Mr. Licht resigned from the Board effective as of August 6, 2018. Upon his resignation, the Board voted to accelerate vesting of one-third of all outstanding RSU awards held by Mr. Licht, which as a result vested on August 6, 2018.
- (6) Represents cash fees paid to Mr. Licht pursuant to the Consulting Agreement described below, as well as an equity award of 42,814 immediately vesting RSUs, with an economic value of \$83,487, that was issued to Mr. Licht upon execution of the Consulting Agreement.

INFORMATION REGARDING OUR EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our current executive officers:

<u>Executive</u>	<u>Age</u>	<u>Title</u>
Dan Mondor	63	Chairman and Chief Executive Officer
Stephen Smith	60	Executive Vice President and Chief Financial Officer

Dan Mondor has served as the Company's Chief Executive Officer and a member of our Board since June 2017. Mr. Mondor also served as President of the Company from June 2017 until August 2018, when he was appointed to serve as Chairman of our Board. Prior to joining the Company, from April 2016 to June 2017, Mr. Mondor provided corporate strategy and M&A advisory services to the telecommunications industry through his private consulting firm, The Mondor Group, LLC. From March 2015 to March 2016, he was President and Chief Executive Officer of Spectralink Corporation, a private equity-owned global company that designs and manufactures mobile-workforce telecommunications products, including Android based industrial WiFi devices, for global enterprises. From April 2008 to November 2014, Mr. Mondor was the President and Chief Executive Officer of Concurrent Computer Corporation, a global company that designs and manufactures IP video delivery systems and real-time Linux based software solutions for the global services provider, military, aerospace and financial services industries. From February 2007 to March 2008, he was President of Mitel Networks, Inc., a subsidiary of Mitel Networks Corporation, a global company that designs and manufactures business communications systems and mobile communications technology that serve the enterprise and wireless carrier markets. Prior to that, Mr. Mondor held a number of executive management positions at Nortel Networks, including Vice President and General Manager of Enterprise Network Solutions and Vice President of Global Marketing for Nortel's \$10 billion Optical Internet business. Mr. Mondor holds a Master of Science degree in Electrical Engineering from the University of Ottawa and a Bachelor of Science degree in Electrical Engineering from the University of Manitoba.

Stephen Smith has served as our Executive Vice President and Chief Financial Officer since August 2017. Prior to joining the Company, Mr. Smith served as a financial consultant serving multiple software-as-a-service, medical technology and technology device businesses, and has served as interim Chief Financial Officer of TetraVue Inc., a developer of high definition 4D LIDAR technology, since February 2017. From 2012 to March 2016, Mr. Smith served as Chief Financial Officer and Head of Operations for Micropower Technologies, a private equity-backed business engaged in the development and sale of platforms enabling extreme low-power wireless video surveillance systems. From 2005 to 2012, Mr. Smith ran his own consulting business and also served as President of XiTron Technologies, a development stage biotech firm that was sold to ImpediMed Ltd., a publicly-traded medical device company, in 2007. From 1999 to 2005, Mr. Smith served as Senior Vice President and Chief Financial Officer of Applied Micro Circuits Corporation, a publicly-traded semiconductor company that designs network and embedded power architecture, optical transport and storage solutions. Mr. Smith serves as a director of Niels Brock/CIBU, a Denmark-based International Business University. Mr. Smith holds a Bachelor of Science degree in Accounting from Arizona State University.

There are no family relationships among any of our executive officers and/or directors. There are currently no legal proceedings, and during the past 10 years there have been no legal proceedings, that are material to the evaluation of the ability or integrity of any of our current executive officers.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

Summary Compensation Table

The following table sets forth information regarding the compensation of our named executive officers (“NEOs”) for the years ended December 31, 2018 and 2017. We have provided information for only three NEOs, because there were no other officers that oversaw a principal business unit, division or function or that performed a similar policy making function for the Company in 2018.

Name and Principal Position	Year	Salary (\$)	Option Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾	Total (\$)
Dan Mondor	2018	507,532	1,692,500 ⁽²⁾	296,153 ⁽⁵⁾	138,205	2,634,389
<i>Chairman and Chief Executive Officer</i>	2017	257,596	543,300	166,685 ⁽⁶⁾	71,601	1,039,182
Stephen Smith	2018	312,083	641,500 ⁽²⁾	—	8,432	962,016
<i>Executive Vice President and Chief Financial Officer</i>	2017	104,865	184,280	—	1,650	290,795
Stephen Sek ⁽⁷⁾	2018	127,381	—	—	205,368	332,749
<i>Former Senior Vice President and Chief Technology Officer</i>	2017	264,600	44,085	—	8,490	317,175

- (1) Represents the aggregate grant date fair value of the option awards granted in the respective fiscal year as computed in accordance with ASC Topic 718, excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in Note 8, *Share-based Compensation*, in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018.
- (2) Option awards to Mr. Mondor and Mr. Smith in 2018 were larger than previously estimated by the Company as target annual incentive compensation awards as a percentage of annual base salary for executives. These option awards were determined by the Compensation Committee in connection with compensation increases awarded to Messrs. Mondor and Smith.
- (3) Represents cash awards under our annual incentive compensation plans.
- (4) See the *All Other Compensation* table below for additional information.
- (5) In January 2019, the Board (i) approved a bonus payment of \$286,000 for Mr. Mondor based on his achievement during 2018 of certain key corporate milestones associated with the Company’s corporate turn-around strategy as identified by the Compensation Committee and (ii) agreed with Mr. Mondor that, in order to conserve cash, such payment would be made pursuant to an award of immediately vesting RSUs under the Incentive Plan; the economic value of the RSUs on the effectiveness of the grant was \$296,153.
- (6) In April 2018, the Board (i) approved a bonus payment of \$166,685 for Mr. Mondor based on his achievement during 2017 of certain key corporate milestones associated with the Company’s corporate turn-around strategy as identified by the Compensation Committee and (ii) agreed with Mr. Mondor that, in order to conserve cash, such payment would be made pursuant to an award of immediately vesting RSUs under the Incentive Plan.
- (7) Mr. Sek resigned from his position as Senior Vice President and Chief Technology Officer effective as of June 25, 2018.

All Other Compensation

The following table sets forth information concerning *All Other Compensation* in the table above:

Name	Year	Life Insurance Premiums Paid by Company (\$)	Accrued but Unpaid Vacation Paid Upon Termination (\$)	401(k) Employer Match (\$)	Other Compensation (\$)	Total (\$)
Dan Mondor	2018	630	—	7,950	129,625 ⁽¹⁾	138,205
	2017	270	—	6,750	64,581 ⁽¹⁾	71,601
Stephen Smith	2018	630	—	7,802	—	8,432
	2017	225	—	1,425	—	1,650
Stephen Sek	2018	315	27,694	4,658	172,701 ⁽²⁾	205,368
	2017	540	—	7,950	—	8,490

(1) Living expense allowance plus tax gross-up.

(2) Severance compensation, including COBRA costs paid by the Company. Also includes \$20,000 paid to Mr. Sek pursuant to the terms of a consulting agreement.

Employment Agreements

Dan Mondor. On June 6, 2017, the Board appointed Mr. Mondor to serve as the Company's President and Chief Executive Officer pursuant to the terms of an employment offer letter agreement. Under the terms of the offer letter, Mr. Mondor was entitled to receive an initial annual base salary of \$450,000 as compensation for his services as President and Chief Executive Officer. On June 6, 2017, pursuant to the terms of the offer letter, the Company granted Mr. Mondor stock options to purchase 750,000 shares of the Company's common stock, with a per share exercise price of \$0.94, the closing price of the Company's common stock on the grant date. These options vested in full on the first anniversary of the grant date. Mr. Mondor's offer letter includes an annual target bonus equal to 65% of his annual base salary (subject to achievement of certain performance goals to be established by the Compensation Committee), as well as the potential to receive an aggregate annual bonus of up to 130% of his annual base salary (subject to achievement of certain "stretch goals" to be established by the Committee in its sole discretion). On October 26, 2017, pursuant to an amendment to the offer letter, the Company agreed to provide reimbursement of certain of Mr. Mondor's living expenses, including a related tax gross-up. On June 6, 2018, the Company increased Mr. Mondor's annual base salary to \$550,000. Mr. Mondor served as President of the Company from June 2017 until August 2018, when he was appointed to serve as Chairman of our Board. Mr. Mondor has also entered into a Change in Control and Severance Agreement with the Company. For a description of the severance benefits provided under this agreement and our other severance agreements, see —*Potential Payments Upon Termination or Change-in-Control—Severance Agreements*.

Stephen Smith. On August 21, 2017, the Board appointed Mr. Smith to serve as the Company's Executive Vice President and Chief Financial Officer pursuant to the terms of an employment offer letter agreement. Under the terms of the offer letter, Mr. Smith was entitled to receive an initial annual base salary of \$285,000 as compensation for his services as Executive Vice President and Chief Financial Officer. On July 27, 2018, the Company increased Mr. Smith's annual base salary to \$350,000. On August 21, 2017, pursuant to the terms of the offer letter, the Company granted Mr. Smith stock options to purchase 200,000 shares of the Company's common stock, with a per share exercise price of \$1.16, the closing price of the Company's common stock on the grant date. Mr. Smith has also entered into a Change in Control and Severance Agreement with the Company. For a description of the severance benefits provided under this agreement and our other severance agreements, see —*Potential Payments Upon Termination or Change-in-Control—Severance Agreements*.

Stephen Sek. On March 13, 2015, the Board appointed Mr. Sek to serve as the Company's Senior Vice President and Chief Technology Officer. Upon his appointment, Mr. Sek was initially entitled to receive an annual base salary of \$252,000 as compensation for his services as Senior Vice President and Chief Technology Officer. In 2016, the Company increased Mr. Sek's annual base salary to \$264,600. For a description of the severance benefits provided under Mr. Sek's Change in Control and Severance Agreement and our other severance agreements, see — *Potential Payments Upon Termination or Change-in-Control— Severance Agreements*. Mr. Sek resigned from his position as Senior Vice President and Chief Technology Officer effective as of June 25, 2018.

Indemnification Agreements

The Company has entered into indemnification agreements with each of its directors and executive officers (each, an "Indemnitee"). In general, the indemnification agreements provide that, subject to certain limitations, the Company will indemnify and hold harmless each Indemnitee against all expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such Indemnitee or on such Indemnitee's behalf, in connection with certain pending, completed or threatened proceedings, as defined in the indemnification agreements, if the Indemnitee acted in good faith and reasonably in the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information regarding the stock options and RSUs held by our NEOs that were outstanding at December 31, 2018.

Name	Grant Date	Option Awards			
		Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#) ⁽¹⁾	Option Exercise Price (\$)	Option Expiration Date
Dan Mondor	6/6/2018	—	1,250,000	2.00	6/6/2028
	6/6/2017	750,000	—	0.94	6/6/2027
Stephen Smith	7/30/2018	—	500,000 ⁽²⁾	1.80	7/30/2028
	8/21/2017	66,667	133,333 ⁽²⁾	1.16	8/21/2027
Stephen Sek ⁽³⁾	4/13/2015	—	70,000	5.51	7/22/2019
	3/16/2015	—	30,000	4.54	7/22/2019

- (1) Unless otherwise indicated, stock options are scheduled to vest over a three-year period, with one-third vesting on the first anniversary of the grant date and the remainder vesting ratably on a monthly basis thereafter through the third anniversary of the grant date.
- (2) Stock options scheduled to vest over a four-year period, with one-fourth vesting on the first anniversary of the grant date and the remainder vesting ratably on a monthly basis thereafter through the fourth anniversary of the grant date.
- (3) As described above, Mr. Sek resigned from his position as Senior Vice President and Chief Technology Officer effective as of June 25, 2018. All equity awards held by him at that time expired prior to December 31, 2018, except for these two stock options that will expire on July 22, 2019.

Potential Payments Upon Termination or Change-in-Control

We have historically provided severance benefits to our NEOs in the event the executive's employment is terminated under certain circumstances following a change-in-control of the Company. We currently provide these

benefits to Messrs. Mondor and Smith under separate severance agreements and previously provided these benefits to Mr. Sek under a severance agreement. We also provide severance benefits unrelated to a change-in-control to Messrs. Mondor and Smith under separate agreements and previously provided these benefits to Mr. Sek under a severance agreement. A description of the material terms of the agreements, including the severance benefits payable under these agreements, if any, is set forth below.

Severance Agreements

Dan Mondor. The Company entered into a Change-in-Control and Severance Agreement with Mr. Mondor on June 6, 2017 and the agreement was amended and restated on June 6, 2018. Under the terms of this amended agreement, if Mr. Mondor's employment is terminated by the Company without Cause or by Mr. Mondor for Good Reason not in connection with a Change-in-Control, then Mr. Mondor is entitled to the following severance benefits:

- an amount equal to Mr. Mondor's unpaid base salary and incentive pay through the date of termination and any other amounts owed to Mr. Mondor under our compensation plans;
- if the termination occurs within eighteen months of June 6, 2018, an amount equal to eighteen months of Mr. Mondor's base salary, or if the termination occurs after the expiration of such period, an amount equal to twelve months of Mr. Mondor's base salary;
- immediate vesting of the portion of Mr. Mondor's outstanding equity awards under our compensation plans that would have vested or become exercisable had his employment continued through the next vesting date;
- a lump-sum bonus payment equal to the pro-rated portion of the target bonus in the year of termination based on actual achievement of corporate performance goals and assumed full achievement of any individual performance goals; and
- continued participation for Mr. Mondor and his dependents in our group health plan, at the same benefit and contribution levels in effect immediately prior to the termination, until the last date that severance compensation is paid to Mr. Mondor under the agreement;

provided, however, that in order to receive the aforementioned severance benefits, Mr. Mondor must deliver to the Company a general release of all claims against the Company and its affiliates effective no more than 55 days after termination of his employment (the "Release Requirement").

Subject to satisfaction of the Release Requirement, Mr. Mondor is entitled to the following severance benefits, in lieu of the benefits described above, if Mr. Mondor's employment is terminated by the Company without Cause or by Mr. Mondor for Good Reason during a Change-in-Control Period:

- an amount equal to Mr. Mondor's unpaid base salary and incentive pay through the date of termination and any other amounts owed to Mr. Mondor under our compensation plans;
- an amount equal to the sum of 18 months of Mr. Mondor's base salary;
- an amount equal to 12 months of Mr. Mondor's target annual bonus opportunity;
- immediate vesting of outstanding equity awards under our compensation plans; and
- continued participation for up to 18 months by Mr. Mondor and his dependents in our group health plan, at the same benefit and contribution levels in effect immediately before the termination.

Stephen Smith and Stephen Sek. The Company entered into a Change-in-Control and Severance Agreement with Mr. Sek in April 2015 and with Mr. Smith in August 2017 (collectively, the “Executives”).

Under the terms of these agreements, if the employment of the Executive is terminated by the Company without Cause or by the Executive for Good Reason not in connection with a Change-in-Control, then the Executive is entitled to the following severance benefits:

- an amount equal to the Executive’s unpaid base salary and incentive pay through the date of termination and any other amounts owed to the Executive under our compensation plans;
- an amount equal to six months of the Executive’s base salary, payable in cash in the form of salary continuation;
- immediate vesting of the portion of the Executive’s outstanding equity awards under our compensation plans that would have vested or become exercisable had his employment continued through the next vesting date;
- a lump-sum bonus payment equal to the pro-rated portion of the target bonus in the year of termination based on actual achievement of corporate performance goals and assumed full achievement of any individual performance goals; and
- continued participation for up to nine months by the Executive and his dependents in our group health plan, at the same benefit and contribution levels in effect immediately prior to the termination;

provided, however, that in order to receive the aforementioned severance benefits, the Executive must satisfy the Release Requirement.

Under these agreements, subject to satisfaction of the Release Requirement, each Executive is entitled to the following severance benefits, in lieu of the benefits described above, if such Executive’s employment is terminated by the Company without Cause or by the Executive for Good Reason during a Change-in-Control Period:

- an amount equal to the Executive’s unpaid base salary and incentive pay through the date of termination and any other amounts owed to the Executive under our compensation plans;
- an amount equal to the sum of 18 months of the Executive’s base salary;
- an amount equal to 12 months of the Executive’s target annual bonus opportunity;
- immediate vesting of outstanding equity awards under our compensation plans; and
- continued participation for up to 18 months by the Executive and his dependents in our group health plan, at the same benefit and contribution levels in effect immediately before the termination.

The Change-in-Control and Severance Agreements described above utilize the following definitions:

“Cause” means:

- any act of material misconduct or material dishonesty by the NEO in the performance of his or her duties;
- any willful failure, gross neglect or refusal by the NEO 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;
- the NEO’s commission of any fraud or embezzlement against the Company (whether or not a misdemeanor);

- any material breach of any written agreement with the Company, which breach has not been cured by the NEO (if curable) within 30 days after written notice thereof to the NEO by the Company;
- the NEO's being convicted of (or pleading guilty or nolo contendere to) any felony or misdemeanor involving theft, embezzlement, dishonesty or moral turpitude; and/or
- the NEO'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 the NEO'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.

“*Good Reason*” means the occurrence, without the NEO's consent, for more than thirty days after such NEO provides the Company a written notice detailing such conditions of:

- a material diminution in his or her base compensation;
- a material diminution in his or her job responsibilities, duties or authorities; or
- a relocation of his or her principal place of work by more than 50 miles.

“*Change-in-Control*” means:

- a transaction after which an individual, entity or group owns 50% or more of the outstanding shares of our common stock, subject to limited exceptions;
- a sale of all or substantially all of the Company's assets; or
- a merger, consolidation or similar transaction, unless immediately following such transaction (a) the holders of our common stock immediately prior to the transaction continue to beneficially own more than 50% of the combined voting power of the surviving entity in substantially the same proportion as their ownership immediately prior to the transaction, (b) no person becomes the beneficial owner, directly or indirectly, of more than 50% of the total voting power of the outstanding shares of the voting securities eligible to elect directors of the surviving entity and (c) at least a majority of the members of the board of directors of the surviving entity immediately following the transaction were also members of the Board at the time the Board approved the transaction.

“*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.

Equity Award Agreements

The following is a summary of the material terms applicable to the outstanding equity awards held by our NEOs as of December 31, 2018.

Incentive Plan. The award agreements covering grants of stock options and RSUs made to our NEOs under our Incentive Plan provide that the Board, in its discretion, may accelerate the vesting of any unvested stock options or RSUs in the event of a change-in-control.

Under our Incentive Plan, a “change-in-control” is defined as:

- any person becoming the beneficial owner of 50% or more of the combined voting power of the then-outstanding shares of our common stock, subject to certain exceptions;

- a majority of the Board ceasing to be comprised of directors who (a) were serving as members of the Board on May 11, 2018 or (b) became members of the Board after May 11, 2018 and whose nomination, election or appointment was approved by a vote of two-thirds of the then-incumbent directors;
- a reorganization, merger, consolidation, sale of all or substantially all of the assets of the Company or similar transaction, unless the holders of our common stock immediately prior to the transaction beneficially own more than 50% of the combined voting power of the shares of the surviving entity and certain other conditions are satisfied; or
- a liquidation or dissolution of the Company approved by the Company's stockholders.

Equity Compensation Plan Information

As of December 31, 2018, the Company's Amended and Restated 2000 Employee Stock Purchase Plan (the "Purchase Plan"), the Company's 2018 Omnibus Incentive Compensation Plan (the "Incentive Plan") and the Company's 2015 Incentive Compensation Plan (the "2015 Incentive Plan") were the only compensation plans under which securities of the Company were authorized for grant. The Purchase Plan and the Incentive Plan were approved by our stockholders. The 2015 Incentive Plan was adopted by the Board without stockholder approval pursuant to NASDAQ Listing Rule 5635. The 2015 Incentive Plan, which includes the same material terms as the Incentive Plan, may only be used for inducement grants to individuals to induce them to become employees of the Company or any of its subsidiaries, or, in conjunction with a merger or acquisition, to convert, replace or adjust outstanding stock options or other equity compensation awards, or for any other reason for which there is an applicable exception from the stockholder approval requirements of NASDAQ Listing Rule 5635, in each such case, subject to the applicable requirements of the NASDAQ Listing Rules. The following table provides information as of December 31, 2018 regarding the Company's existing and predecessor plans:

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of outstanding options</u>	<u>Weighted-average exercise price of options outstanding</u>	<u>Number of securities remaining available for future issuance under equity compensation plans</u>
Equity compensation plans approved by security holders	7,549,516	\$ 2.04 ⁽¹⁾	4,049,962 ⁽²⁾
Equity compensation plans not approved by security holders	1,246,696	\$ 2.45	1,943,085 ⁽³⁾

- (1) Amount is based on the weighted-average exercise price of vested and unvested stock options outstanding under the Incentive Plan and predecessor plans. RSUs, which have no exercise price, are excluded from this calculation.
- (2) Represents shares available for future issuance under the Purchase Plan and the Incentive Plan. As of December 31, 2018, there were 825,537 shares of our common stock available for issuance under the Purchase Plan and 3,224,425 shares of our common stock available for issuance under the Incentive Plan.
- (3) Represents shares available for future issuance under the 2015 Incentive Plan.

TRANSACTIONS WITH RELATED PERSONS

Private Placement

In order to fund working capital and for other general corporate purposes, on August 6, 2018, the Company entered into the Purchase Agreement, pursuant to which the Company issued and sold to Golden Harbor Ltd., an affiliate of Tavistock Group (“Golden Harbor”), and North Sound Trading, L.P. (“North Sound” and, together with Golden Harbor, the “Investors”), in a private placement transaction (the “Private Placement”), an aggregate of 12,062,000 immediately separable units (the “Units”), with each Unit consisting of (a) one share of the Company’s common stock, par value \$0.001 per share (the “Common Stock”) and (b) a warrant to acquire 0.35 of a share of Common Stock, for a purchase price of \$1.63 per Unit. Upon the consummation of the Private Placement, both Investors held more than five percent of the Company’s outstanding shares of Common Stock.

Pursuant to the terms of the Purchase Agreement, each Investor is entitled to designate one member of the Board. In addition, if Golden Harbor notifies the Company that it beneficially owns an aggregate of at least 20% of the then-issued and outstanding shares of Common Stock and wishes to designate an additional member of the Board, then: (i) the Board shall increase the number of seats on the Board to equal seven, and (ii) (A) if the Board is then comprised of six members, the Board shall fill the newly created vacancy by appointing the additional designee selected by Golden Harbor; and (B) if the Board is then comprised of five members, the Board shall (1) fill one newly created vacancy by appointing the additional designee selected by Golden Harbor; and (2) fill the remaining vacancy by appointing an independent director candidate selected by the Board. If, at any time, either Investor ceases to hold at least 5% of the then-outstanding shares of Common Stock of the Company, such Investor shall no longer be entitled to designate any members of the Board.

On August 6, 2018, in accordance with the terms of the Purchase Agreement, the Board appointed James B. Avery and Brian Miller to fill the two vacant seats on the Board. Mr. Avery is a Vice President of Golden Harbor. Mr. Miller is a principle of North Sound Trading, L.P.

In connection with the Private Placement, on August 6, 2018, the Company entered into an amendment to that certain Rights Agreement, dated January 22, 2018, between the Company and Computershare Trust Company, N.A., as rights agent (the “Rights Plan”), for the purpose of modifying the definition of “Grandfathered Stockholder” under the Rights Plan to include each of the Investors, thereby excluding them from the definition of “Acquiring Person” under the Rights Plan for so long as they do not acquire additional beneficial ownership of Company securities (other than as a result of any adjustment provision or the accrual of interest under any outstanding convertible notes) equal to more than 0.50% of the then-outstanding shares of Common Stock.

Also on August 6, 2018, the Company entered into an amendment (the “IRA Amendment”) to that certain Investors’ Rights Agreement, dated September 8, 2014, between HC2 and the Company (the “IRA”). As a condition to the Investors’ willingness to enter into the Purchase Agreement and consummate the Private Placement, HC2 agreed to amend the IRA to eliminate its board observation and nomination rights. At the time of this amendment, HC2 held more than five percent of the Company’s outstanding shares of Common Stock.

Warrant Transaction

On March 28, 2019, in order to provide additional funding for the Company’s operations, the Investors agreed to exercise the warrants issued by the Company to the Investors on August 6, 2018 (the “Existing Warrants”). Upon exercise of the Existing Warrants, Golden Harbor purchased 3,166,275 shares of Common Stock, and North Sound purchased 1,055,425 shares of Common Stock, each 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 Investors exercising the Existing Warrants, on March 28, 2019, the Company issued to Golden Harbor a new warrant to purchase 1,875,000 shares of Common Stock and issued to North Sound a new warrant to purchase 625,000 shares of Common Stock (each a “New Warrant” and, collectively, the “New Warrants”). Each of the Investors held more than five percent of the Company’s outstanding shares of Common Stock as of the date of the exercise and issuance of the New Warrants.

Each New Warrant has an exercise price of \$7.00 per share of Common Stock, 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. Each New Warrant will be exercisable on a cash basis unless, at the time of such exercise, the shares of Common Stock issuable upon exercise of the New Warrants cannot be immediately resold pursuant to an effective registration statement or Rule 144 of the Securities Act of 1933, as amended, without volume or manner of sale restrictions, in which case such New Warrant shall also be exercisable on a cashless exercise basis.

Except as expressly set forth therein, the New Warrants do not confer upon their holders any voting or other rights as a stockholder of the Company.

In connection with the issuance of the New Warrants, on March 28, 2019, the Company entered into another amendment to the Rights Agreement, for the purpose of modifying the definition of “Acquiring Person” under the Rights Agreement to permit each of the Investors to remain a Grandfathered Stockholder (as defined in the Rights Agreement) and not be deemed an “Acquiring Person” under the Rights Agreement in connection with the Investors’ purchase of the New Warrants. The Investors will remain Grandfathered Stockholders as long as they do not acquire, after March 28, 2019, beneficial ownership of Company securities (other than as a result of any adjustment provision or the accrual of interest under any outstanding convertible notes) equal to more than 0.50% of the then-outstanding shares of Common Stock.

Consulting Agreement

On August 6, 2018, the Company entered into a written Consulting Agreement (the “Consulting Agreement”) with Mark Licht, a former member of the Board. The consulting services to be provided by Mr. Licht include advisory services in connection with the Company’s IoT business strategy and such other services as the Company’s Chief Executive Officer may request from time to time. The Consulting Agreement is for a term of one year and provides for aggregate cash consulting fees of up to \$60,000, to be paid at a rate of \$5,000 per month. Upon his execution and delivery of the Consulting Agreement in August 2018, the Board also awarded Mr. Licht 42,814 immediately vesting RSUs with a value at grant of \$83,487.

Parents of the Smaller Reporting Company

The Company has no parents except to the extent that (i) Golden Harbor may be deemed a parent by virtue of its ownership of 21,965,504, or approximately 27.9%, of the Company’s outstanding shares of Common Stock, and its Board nomination and appointment rights under the Purchase Agreement, and (ii) North Sound Management, Inc. may be deemed a parent by virtue of its ownership of 10,301,995, or approximately 13.1%, of the Company’s outstanding shares of Common Stock, and its Board nomination and appointment rights under the Purchase Agreement.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The tables below provide information regarding the beneficial ownership of our common stock as of April 30, 2019 by: (i) each of our directors; (ii) each of our NEOs; (iii) all current directors and executive officers as a group; and (iv) each beneficial owner of more than five percent of our common stock.

Beneficial ownership is determined in accordance with SEC rules and regulations, and generally includes voting power or investment power with respect to securities held. Unless otherwise indicated and subject to applicable community property laws, we believe that each of the stockholders named in the table below has sole voting and investment power with respect to the shares shown as beneficially owned. Securities that may be beneficially acquired within 60 days after April 30, 2019 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the ownership of such person, but are not treated as outstanding for the purpose of computing the ownership of any other person.

The address for directors and executive officers is 9605 Scranton Road, Suite 300, San Diego, California 92121. The tables below list the number and percentage of shares beneficially owned based on 78,733,610 shares of common stock outstanding as of April 30, 2019.

Directors and Named Executive Officers

Name of Beneficial Owner	Directly or Indirectly Held (#)	Option Awards (#) ⁽¹⁾	Stock Awards (#) ⁽²⁾	Total Shares of Common Stock Beneficially Owned (#)	Percentage
Dan Mondor	100,639	1,166,663	—	1,267,302	1.6%
Stephen Smith	7,312	91,667	—	98,979	0.1%
James B. Avery	—	—	—	—	0.0%
Brian Miller	10,301,995 ⁽⁴⁾	—	—	10,301,995	13.1%
Robert Pons	165,552	100,000	—	265,552	0.3%
Jeffrey Tudor	66,931	28,446	—	95,377	0.1%
Stephen Sek ⁽³⁾	—	100,000	—	100,000	0.1%
Mark Licht ⁽⁵⁾	121,618	—	—	121,618	0.1%
Philip Falcone ⁽⁶⁾	—	—	—	—	0.0%
All directors and executive officers as a group (six persons)	10,642,429 ⁽⁴⁾	1,386,776	—	12,029,205	15.2%

- (1) Represents shares of common stock that may be acquired pursuant to stock options that are or will become exercisable within 60 days after April 30, 2019.
- (2) Represents shares of common stock to be issued upon the vesting of RSUs within 60 days after April 30, 2019.
- (3) In a Form 4 filed on April 17, 2018, Mr. Sek reported beneficial ownership of 216,789 shares of common stock. Mr. Sek resigned from his position as Sr. Vice President and Chief Technology Officer on June 25, 2018. The Company believes, but has not been able to confirm, that Mr. Sek's beneficial ownership had declined to beneficial ownership of 100,000 shares as of April 30, 2019.
- (4) Includes 10,301,995 shares of common stock that were included on a Schedule 13D/A filed by North Sound Management, Inc. with the SEC on March 29, 2019. According to the Schedule 13D/A, North Sound Management, Inc., North Sound Trading, LP and Brian Miller have sole voting power and sole dispositive power with respect to the 10,301,995 shares of common stock.
- (5) Mr. Licht resigned from the Board effective as of August 6, 2018. In a Form 4 filed on August 9, 2018, Mr. Licht reported beneficial ownership of 121,618 shares of common stock. The Company believes, but has not been able to confirm, that Mr. Licht's beneficial ownership remained at 121,618 shares as of April 30, 2019.
- (6) In a Form 4 filed on April 3, 2018, Mr. Falcone reported beneficial ownership of 51,431 shares of common stock. Mr. Falcone resigned from the Board effective as of August 6, 2018. Upon his resignation, the Board

voted to accelerate vesting of all outstanding RSU awards and stock options held by Mr. Falcone, which resulted in an issuance of an additional 23,098 shares of common stock to Mr. Falcone. The Company believes, but has not been able to confirm, that Mr. Falcone's beneficial ownership had declined to 0 shares as of April 30, 2019.

Five Percent Holders

The following table sets forth information regarding the number and percentage of shares of common stock held by all persons and entities known by us to beneficially own five percent or more of our outstanding common stock. The information regarding beneficial ownership of the persons and entities identified below is included in reliance on reports filed by the persons and entities with the SEC, except that the percentage is based upon our calculations made in reliance upon the number of shares reported to be beneficially owned by such person or entity in such report and the number of shares of common stock outstanding on April 30, 2019.

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned (#)	Percentage
Golden Harbor Ltd. ⁽¹⁾ Cay House EP Taylor Drive N7776 Lyford Cay New Providence C5	21,965,504	27.9%
North Sound Management, Inc. ⁽²⁾ c/o Edward E. Murphy 115 East Putnam Avenue Greenwich, CT 06830	10,301,995	13.1%
Timothy Maguire ⁽³⁾ Maguire Asset Management, LLC 1810 Ocean Way Laguna Beach, CA 92651	5,753,881	7.3%

- (1) According to a Schedule 13D/A filed by Golden Harbor Ltd. and Joe Lewis with the SEC on March 29, 2019, Golden Harbor Ltd. and Joe Lewis have shared voting power and shared dispositive power with respect to 21,965,504 shares of common stock.
- (2) According to a Schedule 13D/A filed by North Sound Management, Inc. with the SEC on March 29, 2019, North Sound Management, Inc., North Sound Trading, LP and Brian Miller have sole voting power and sole dispositive power with respect to 10,301,995 shares of common stock.
- (3) According to a Schedule 13D/A filed by Timothy Maguire and Maguire Asset Management, LLC with the SEC on June 12, 2018, 5,753,881 shares of common stock are beneficially owned by Timothy Maguire. Of these, 5,176,990 shares of common stock are owned by Maguire Financial, LP, 76,891 shares of common stock are owned by the Timothy Maguire Foundation and 500,000 shares of common stock are owned by The Timothy J. and Julia Maguire 2017 Family Trust. Maguire Asset Management, LLC, Maguire Financial, LP and Mr. Maguire have the sole power to vote or direct the vote of and to dispose or direct the disposition of the shares owned by Maguire Financial, LP. The Timothy Maguire Foundation and Mr. Maguire have the sole power to vote or direct the vote of and to dispose or direct the disposition of the shares owned by the Timothy Maguire Foundation. The Timothy J. and Julia Maguire 2017 Family Trust and Mr. Maguire have the sole power to vote or direct the vote of and to dispose or direct the disposition of the shares owned by The Timothy J. and Julia Maguire 2017 Family Trust.

PROPOSAL 2: APPROVAL OF THE AMENDMENT OF THE INCENTIVE PLAN

Overview

The Incentive Plan was initially adopted by our predecessor issuer, Novatel Wireless, Inc., in April 2009. In July 2018, the Incentive Plan was amended and restated and among other things, was renamed as the Inseego Corp. 2018 Omnibus Incentive Plan. The Incentive Plan affords the Board the ability to design compensatory awards that are responsive to the Company's needs, and includes authorization for a variety of awards designed to advance the Company's interests and long-term success by encouraging stock ownership among our directors, officers, employees and consultants. The Incentive Plan currently authorizes the issuance of up to 18,200,000 shares of our common stock, of which 2,615,315 shares were available for issuance as of March 31, 2019.

On April 30, 2019, the Board approved an amendment of the Incentive Plan, subject to stockholder approval at the Annual Meeting, to increase the number of shares authorized for issuance under the Incentive Plan by 2,053,085 shares. The Board has determined that the amendment of the Incentive Plan is advisable and in the best interests of the Company and its stockholders, and has submitted the amendment for approval by our stockholders at the Annual Meeting. The amendment of the Incentive Plan will be effective as of the date it is approved by our stockholders. In approving this amendment, the Board considered information related to the Incentive Plan including burn rate, overhang and forecasts for share usage.

On April 30, 2019, the Board also approved the termination of the Company's 2015 Incentive Plan in accordance with the terms of the plan. The 2015 Incentive Plan was adopted by the Board without stockholder approval pursuant to NASDAQ Listing Rule 5635 and was only available for inducement grants for which there was an applicable exception from the stockholder approval requirements of NASDAQ Listing Rule 5635. At the time that it was terminated, there were 2,053,085 shares of common stock available for issuance under the 2015 Incentive Plan. It was the Board's intention to terminate the 2015 Incentive Plan and simultaneously approve an increase to the number of the shares authorized for issuance under the Incentive Plan by an equivalent number of shares. The termination of the 2015 Incentive Plan does not affect the rights of any participants holding outstanding awards on the date of termination and such awards continue to be governed by the terms of the 2015 Incentive Plan.

As of March 31, 2019, under the Incentive Plan and its predecessor equity compensation plans, there were outstanding RSUs for 470,212 shares of our common stock and outstanding stock options for 8,436,771 shares of our common stock. These outstanding options have a weighted-average exercise price of \$2.18 and a weighted-average term of 2.71 years. On May 9, 2019, the closing market price of a share of our common stock was \$4.38.

A summary of the Incentive Plan, as proposed to be amended, appears below and is qualified by the full text of the Incentive Plan, as proposed to be amended, a copy of which is attached as Appendix A to this Proxy Statement.

Administration

The Incentive Plan is administered by the Board, which may delegate all or any part of its authority under the Incentive Plan to a committee of one or more members of the Board. This authority includes, among other things, selecting award recipients, establishing award terms and conditions, granting awards, construing any ambiguous provision of the Incentive Plan or in any award agreement, and adopting modifications and amendments to the Incentive Plan or any award agreement, subject to the terms of the Incentive Plan.

To the extent permitted by applicable law, the Board may also delegate its duties under the Incentive Plan to one or more senior officers of the Company, referred to as a secondary committee. This delegation of authority is subject to any conditions and limitations set by the Board or set forth in the Incentive Plan, and may not include the authority to grant an award to any participant that is subject to Section 16 of the Exchange Act.

Awards

The Incentive Plan provides for grants of both equity and cash awards, including stock options, stock appreciation rights, restricted stock, RSUs, annual incentive awards, performance shares, performance units and other forms of awards. The principal terms and features of the various forms of awards are set forth below:

Stock Options. Stock options entitle the participant to purchase shares of our common stock at a price not less than the market value per share on the grant date. Stock options may be incentive stock options under Section 422 of the Code or non-qualified stock options. Each grant will specify whether the exercise price is payable in cash or by check, by a cashless broker-assisted exercise, by the transfer to the Company of shares of our common stock owned by the participant, by the Company withholding shares of our common stock otherwise deliverable to the participant upon the exercise of the stock option, by a combination of these payment methods, or by any other methods that the Board may approve.

Each grant will specify the periods of continuous service by the participant with the Company necessary before the stock options become exercisable. Stock option grants may specify management objectives that must be achieved as a condition to exercise. No stock option will be exercisable more than 10 years after the grant date. No stock option will include terms entitling the participant to a grant of stock options or stock appreciation rights on exercise of the stock option.

The Board may substitute, without the participant's permission, stock appreciation rights for outstanding stock options. However, the terms of the substituted stock appreciation rights must be substantially the same as the terms of the stock options at the date of substitution. Additionally, the difference between the market value of the underlying shares of our common stock and the base price of the stock appreciation rights must be equivalent to the difference between the market value of the underlying shares of our common stock and the exercise price of the stock options.

Limitations on Incentive Stock Options. Incentive stock options may only be granted to employees of the Company or a subsidiary of the Company. Subject to certain limited exceptions, incentive stock options may not be granted to any person who, at the time of grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any affiliate unless the following conditions are satisfied:

- the exercise price of the incentive stock options must be at least 110% of the fair market value of the common stock subject to the incentive stock options on the date of grant; and
- the term of the incentive stock options must not exceed five years from the date of grant.

Subject to adjustment for certain changes in our capitalization, the aggregate maximum number of shares of our common stock that may be issued pursuant to the exercise of incentive stock options under the Incentive Plan is 7,000,000 shares.

Stock Appreciation Rights. A stock appreciation right is a right to receive from the Company a dollar amount up to the spread between a base price (which may not be less than the market value per share of our common stock on the grant date or, for a stock appreciation right substituted for an option, on the option grant date) and the market value of the shares of our common stock on the exercise date. The amount payable by the Company on exercise of

a stock appreciation right may be paid in cash, shares of our common stock, or any combination of the two. Any grant of stock appreciation rights may specify that the amount payable on exercise may not exceed a maximum specified by the Board. Any grant may also specify management objectives that must be achieved as a condition to exercise, waiting periods before exercise and permissible exercise dates or periods. Each grant will specify the periods of continuous service by the participant with the Company that are necessary before the stock appreciation rights become exercisable. No stock appreciation right will be exercisable more than 10 years after the grant date. No stock appreciation right will include terms entitling the participant to a grant of stock options or stock appreciation rights on exercise of the stock appreciation right.

Restricted Stock. A grant of restricted stock constitutes an immediate transfer to the participant of the ownership of shares of our common stock in consideration for the performance of services. Restricted stock entitles a participant to voting, dividend and other ownership rights. However, these rights will be subject to any restrictions and conditions, such as the achievement of management objectives, during the restriction period as determined by the Board. Each grant will provide that transfer of the restricted stock will be prohibited or restricted during the restricted period in the manner and to the extent prescribed by the Board on the date of grant, and may provide for such prohibitions and restrictions after the restricted period.

Each grant will provide that the restricted stock will be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Code for a period to be determined by the Board on the grant date with respect to restricted stock that vests upon the passage of time, or upon achievement of management objectives that, if achieved, will result in termination or early termination of the restriction applicable to the restricted stock. Each grant will provide that so long as the award is subject to a substantial risk of forfeiture, the transfer of the restricted stock will be prohibited or restricted in the manner and to the extent prescribed by the Board on the grant date.

Grants of restricted stock may require that any or all dividends or other distributions paid during the period of the restrictions be automatically deferred and reinvested in additional shares of restricted stock or paid in cash, which may be subject to the same restrictions as the underlying award. Dividends or other distributions on restricted stock subject to management objectives will be deferred and paid in cash upon the achievement of the management objectives and the lapse of all restrictions.

Restricted Stock Units. A grant of RSUs is an agreement by the Company to deliver shares of our common stock or cash equal to the value of such shares to the participant at the end of a specified period, subject to transfer restrictions and other conditions as determined by the Board. During the restriction period, the participant may not transfer any rights under his or her award and will have no rights of ownership, including voting rights, in the RSUs. However, on the grant date, the Board may authorize the payment of dividend equivalents on the RSUs on either a current, deferred or contingent basis, either in cash, in additional RSUs or in shares of our common stock. Dividend equivalents on RSUs subject to management objectives will be deferred and paid in cash upon the achievement of the management objectives and the lapse of all restrictions. A grant of RSUs may provide for the earlier lapse or modification of the restriction period in the event of the retirement, death or disability, or other termination of employment of the participant, or on a change in control of the Company.

Performance Shares and Performance Units. A performance share is the equivalent of one share of our common stock. A performance unit is the equivalent of \$1.00 or such other value as determined by the Board. Each grant of performance shares or performance units will specify either the number of shares, or amount of cash, payable with respect to the performance shares or performance units to which the grant pertains. Any grant of performance shares or performance units may specify that the amount payable may be paid in cash, in shares of our common stock or in any combination of the two.

Any grant of performance shares or performance units will specify the management objectives that, if achieved, will result in payment or early payment of the award and may set forth a formula for determining the number of shares, or amount of cash, payable with respect to the performance shares or performance units that will be earned if performance is at or above threshold levels. Any grant of performance shares or performance units may specify that the amount payable or the number of shares issued with respect thereto may not exceed a maximum specified by the Board. The performance period will be determined by the Board at the time of grant, but may not be less than one year, and may be subject to earlier lapse or other modification in the event of the retirement, death or disability, or other termination of employment of the participant, or a change in control of the Company.

The Board may, on the grant date, provide for the payment of dividend equivalents to the holder of the performance shares on either a current, deferred or contingent basis, either in cash or in additional shares of our common stock. Dividend equivalents on performance shares subject to management objectives will be deferred and paid in cash upon the achievement of the applicable management objectives.

Annual Incentive Awards. An annual incentive award is a cash award based on the achievement of management objectives with a performance period of one year or less, which will be determined by the Board at the time of grant. The performance period determined by the Board at the time of grant may be subject to earlier lapse or other modification in the event of the retirement, death or disability, or other termination of employment of the participant, or a change in control of the Company. Any grant of an annual incentive award will specify management objectives that, if achieved, will result in payment or early payment of the award and may set forth a formula for determining the amount payable if performance is at or above threshold levels. Each grant will specify the time and manner of payment of annual incentive awards that have been earned. The Board may establish a maximum amount payable under any annual incentive award on the grant date.

Other Awards. The Board may, subject to limitations under applicable law, grant to any participant other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of our common stock. These awards may include convertible or exchangeable securities, purchase rights or awards with value and payment contingent upon performance of the Company, the book value of our shares, or any other factors designated by the Board.

Except as otherwise provided in the Incentive Plan, cash awards, as independent awards or as an element of or supplement to any other award granted under the Incentive Plan, also may be granted. The Board may grant shares of our common stock as a bonus, or may grant other awards in lieu of obligations of the Company to pay cash or deliver other property under the Incentive Plan or under other plans or compensatory arrangements, subject to terms that will be determined by the Board in a manner intended to comply with Section 409A of the Code.

Eligibility

Subject to the terms of the Incentive Plan, the Board may grant awards to any of our employees, directors, consultants or any other person that is expected to become an employee, director, or consultant. However, incentive stock options may be granted only to our employees. Currently, approximately 850 persons are eligible to receive awards under the Incentive Plan.

Shares Available for Grants

As amended, 20,253,085 shares of our common stock are authorized under the Incentive Plan, which includes all shares previously authorized under the Incentive Plan immediately prior to this amendment, plus an additional 2,053,085 shares which are subject to stockholder approval of this Proposal 2. Shares of our common stock issued in connection with inducement grants pursuant to Nasdaq Listing Rule 5635 or under any plan assumed by the Company in any corporate transaction will not count against this share limit.

Shares of our common stock covered by an award under the Incentive Plan are not counted against the aggregate share limit until issued and delivered to a participant. As a result, the total number of shares of our common stock available under the Incentive Plan is not reduced by any shares of our common stock relating to prior awards that have expired or have been forfeited or cancelled. To the extent of payment in cash of the benefit provided by any award granted under the Incentive Plan, any shares of our common stock that were covered by that award will again be available for issue or transfer under the Incentive Plan. In addition, shares delivered or relinquished to pay the exercise or purchase price of an award or to satisfy tax withholding obligations will also be available for future awards under the Incentive Plan, as will shares subject to restricted stock awards that never vest.

Management Objectives

The Incentive Plan requires that the Board establish management objectives for awards of performance shares, performance units and annual incentive awards. The Board may also establish management objectives for stock options, stock appreciation rights, restricted stock, RSUs or other awards. These management objectives may be described in terms of Company-wide objectives or objectives related to performance of an individual participant or a subsidiary, division, business unit, region or function of the Company, and may be made relative to the performance of other companies. The management objectives may be based on any criteria selected by the Board.

The Board will have the authority to make equitable adjustments to the management objectives, including the related minimum, target and maximum levels of achievement or performance, for specified events set forth in the Incentive Plan.

Amendment and Termination

The Board may amend the Incentive Plan in whole or in part, except that any amendment to the Incentive Plan that requires stockholder approval under applicable law will not be effective until we obtain stockholder approval. No grant will be made under the Incentive Plan after May 11, 2028, but all grants made on or prior to such date will continue in effect thereafter subject to the terms of the applicable award agreement and of the Incentive Plan.

Except in connection with certain corporate transactions or a change in control, the terms of outstanding awards may not be amended to reduce the exercise price of outstanding stock options or the base price of outstanding stock appreciation rights, and no outstanding stock options or stock appreciation rights may be cancelled in exchange for other awards, cash, or stock options or stock appreciation rights with an exercise price or base price, as applicable, that is less than the exercise price of the original stock options or base price of the original stock appreciation rights, as applicable, without stockholder approval. The plan prohibits all repricings of underwater stock options or stock appreciation rights without shareholder approval, regardless of whether an amendment is considered a repricing under generally accepted accounting principles.

Grants of restricted stock, RSUs, performance shares, performance units and annual incentive awards may provide for earlier termination of restrictions in the event of the retirement, death or disability, or other termination of employment, of a participant, or a change in control of the Company. In addition, if permitted by Section 409A of the Code, the Board may accelerate the vesting of or waive any other requirements under any outstanding award in the event of the retirement, death or disability, or other termination of employment, of a participant, or in the case of unforeseeable emergency or other special circumstances.

The Board may amend the terms of any award granted under the Incentive Plan prospectively or retroactively, provided that such an amendment does not constitute a repricing prohibited by the Incentive Plan. However, no amendment may impair the rights of any participant without his or her consent, except as necessary to comply with changes in law or accounting rules applicable to the Company. The Board may terminate the Incentive Plan at any time. Termination of the Incentive Plan will not affect the rights of participants or their successors under any awards outstanding on the date of termination.

Change in Control

In the event a change in control of the Company occurs, the Board may substitute each award outstanding under the Incentive Plan immediately prior to the change in control with such alternative consideration (including cash), if any, as it may determine to be equitable in the circumstances and may require the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each stock option or stock appreciation right with an exercise price or base price greater than the consideration offered in connection with any change in control, the Board may elect to cancel the stock option or stock appreciation right without any payment to the person holding the stock option or stock appreciation right. The Board may also adjust the aggregate number of shares available under the Incentive Plan and the individual participant limits as the Board deems appropriate to reflect a change in control of the Company. However, any adjustment to the number of shares available for incentive stock options will be made only if, and to the extent that, the adjustment would not cause any stock option intended to qualify as an incentive stock option to fail to qualify.

U.S. Federal Income Tax Consequences

The following is a brief summary of some of the U.S. federal income tax consequences of certain transactions under the Incentive Plan based on U.S. federal income tax laws in effect on January 1, 2019. This summary is not intended to be complete and does not describe state or local tax consequences.

Tax Consequences to Participants

Incentive Stock Options. No income generally will be recognized by an optionee upon the grant or exercise of an incentive stock option. The exercise of an incentive stock option, however, may result in alternative minimum tax liability. If shares of our common stock are issued to the optionee pursuant to the exercise of an incentive stock option, and if no disqualifying disposition of such shares is made by such optionee within two years after the date of grant nor within one year after the transfer of such shares to the optionee, then upon the sale of such shares, any amount realized in excess of the exercise price will be taxed to the optionee as a long-term capital gain and any loss sustained will be a long-term capital loss.

If shares of our common stock acquired upon the exercise of an incentive stock option are disposed of prior to the expiration of either holding period described above, the optionee generally will recognize ordinary income in the year of disposition in an amount equal to the excess, if any, of the market value of such shares at the time of exercise (or, if less, the amount realized on the disposition of such shares if a sale or exchange) over the exercise price. Any further gain (or loss) realized by the participant generally will be taxed as short-term or long-term capital gain (or loss) depending on how long the shares have been held.

Non-Qualified Stock Options. In general,

- no income will be recognized by an optionee at the time a non-qualified option right is granted;
- at the time of exercise, ordinary income will be recognized by the optionee in an amount equal to the difference between the exercise price and the market value of the shares, if unrestricted, on the date of exercise; and
- at the time of sale of shares acquired pursuant to the exercise of a non-qualified option right, appreciation (or depreciation) in value of the shares after the date of exercise will be realized by the optionee as either short-term or long-term capital gain (or loss) depending on how long the shares have been held.

Stock Appreciation Rights. No income will be recognized by a participant in connection with the grant of a stock appreciation right. When the stock appreciation right is exercised, the participant normally will recognize ordinary income in the year of exercise in an amount equal to the amount of cash received and the market value of any unrestricted shares of our common stock received on the exercise.

Restricted Stock. The recipient of restricted stock generally will be subject to tax at ordinary income rates on the market value of the restricted stock (reduced by any amount paid by the participant for such restricted stock) at such time as the shares are no longer subject to forfeiture or restrictions on transfer for purposes of Section 83 of the Code (the "Restrictions"). However, a recipient who so elects under Section 83(b) of the Code within 30 days of the date of grant of the shares will recognize ordinary income on the date of grant of the shares equal to the excess of the market value of such shares (determined without regard to the Restrictions) over the purchase price, if any, of such restricted stock. Any dividends received with respect to restricted stock that is subject to the Restrictions generally will be treated as compensation that is taxable as ordinary income to the participant.

Restricted Stock Units. No income generally will be recognized upon the award of RSUs. The recipient of an RSU award generally will recognize ordinary income on the market value of unrestricted shares of our common stock on the date that such shares are transferred or settled in cash, as the case may be, to the participant under the award (reduced by any amount paid by the participant for such RSU), and the capital gain/loss holding period for such shares will also commence on such date.

Performance Shares, Performance Units and Annual Incentive Awards. No income generally will be recognized upon the grant of performance shares, performance units or annual incentive awards. Upon payment in respect of performance shares, performance units or annual incentive awards, the recipient generally will recognize ordinary income in the year of receipt in an amount equal to the amount of cash received and the market value of any unrestricted shares of our common stock received.

Tax Consequences to the Company

To the extent that a participant recognizes ordinary income in the circumstances described above, the Company will be entitled to a corresponding deduction, provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an "excess parachute payment" within the meaning of Section 280G of the Code and is not disallowed by the \$1 million limitation on certain executive compensation under Section 162(m) of the Code.

Equity Compensation Plan Information

Please refer to the table above under the heading *Compensation of Named Executive Employees—Equity Compensation Plan Information*.

New Plan Benefits

Because benefits under the Incentive Plan depend upon the Board's actions, the market value of the shares of our common stock in the future and/or the future performance of the Company, it is not possible to determine the value of the benefits that will be received by participants in the Incentive Plan with respect to any awards made in the future.

Potential Effects of Proposal 2

Approval of Proposal 2 will enable the Company to: (i) pay portions of the bonus compensation due to employees, if any, under the Company's bonus compensation plans with equity rather than cash; (ii) provide equity awards to existing employees on an annual or more frequent basis; (iii) pay portions of salary and bonus compensation to executives with equity rather than cash; and (iv) grant equity awards to new employees, including potentially meaningful upfront grants to principals who may be hired as part of future acquisitions in situations where the exception for inducement grants pursuant to Nasdaq Listing Rule 5635 is unavailable. If Proposal 2 is not approved, the Company may not have sufficient stock issuable under the Incentive Plan to satisfy these requirements in the foreseeable future and may need to pay significant portions of such compensation and earned bonuses in cash.

Recommendation and Vote Required

Assuming that a quorum is present, the affirmative vote of the holders of a majority of the shares of our outstanding common stock present, in person or represented by proxy, and entitled to vote at the Annual Meeting, is required to approve the amendment of the Incentive Plan. Because abstentions are counted as present for purposes of the vote on this matter but are not votes FOR this proposal, they have the same effect as votes AGAINST this proposal. Broker non-votes will not have any effect on this proposal.



THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THIS PROPOSAL.

PROPOSAL 3: ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

In accordance with Section 14A of the Exchange Act, we are asking stockholders to approve an advisory resolution on our executive compensation as reported in this Proxy Statement.

In making decisions with respect to compensation for our executive officers, the Compensation Committee is guided by a pay-for-performance philosophy. The Compensation Committee believes that a significant portion of each executive's total compensation opportunity should vary with achievement of the Company's annual and long-term financial, operational and strategic goals. In designing the compensation program for our executive officers, the Compensation Committee seeks to achieve the following key objectives:

Motivate Executives. The compensation program should encourage our executive officers to achieve the Company's annual and long-term goals.

Align Interests with Stockholders. The compensation program should align the interests of our executive officers with those of our stockholders, promoting actions that will have a positive impact on total stockholder return over the long term.

Attract and Retain Talented Executives. The compensation program should provide each executive officer with a total compensation opportunity that is market competitive. This objective is intended to ensure that we are able to attract and retain qualified executives while maintaining an appropriate cost structure for the Company.

We believe our executive compensation is structured in the manner that best serves the interests of the Company and its stockholders.

Accordingly, we are asking stockholders to approve the following advisory resolution at the Annual Meeting:

“RESOLVED, that the stockholders of Inseego Corp. (the “Company”) approve, on an advisory and non-binding basis, the compensation of the Company's named executive officers, as disclosed in this Proxy Statement.”

Effect of Proposal

The result of the say-on-pay vote is non-binding on us and our Board and Compensation Committee. As a result, the Board and Compensation Committee retain discretion to change executive compensation from time to time if they conclude that such a change would be in the best interest of the Company. No determination has been made as to what action, if any, would be taken if our stockholders fail to approve our executive compensation. However, our Board and Compensation Committee value the opinions of stockholders and will carefully consider the result of the say-on-pay vote.

We currently conduct say-on-pay votes on an annual basis, and we expect to conduct our next say-on-pay vote at our 2020 annual meeting of stockholders.

We are also required to hold an advisory vote on the frequency of the Say-on-Pay Votes (the “Frequency of Say-on-Pay Vote”) at least once every six years, pursuant to Rule 14a-21(a) of the Exchange Act. We held our last Frequency of Say-on-Pay Vote at our annual meeting of stockholders in June 2017 and a majority of the votes were cast in favor of holding Say-on-Pay Votes every year. In line with the preference of our stockholders, our Board determined that it will include the Say-on-Pay Vote in our proxy materials each year until the next Frequency of Say-on-Pay Vote, which will occur no later than our 2023 annual meeting of stockholders.

Recommendation and Vote Required

Assuming that a quorum is present, approval of this proposal requires the affirmative vote of the holders of a majority of the shares of our outstanding common stock present in person or represented by proxy and entitled to vote on this proposal at the Annual Meeting. Because abstentions are counted as present for purposes of the vote on this matter but are not votes FOR this proposal, they have the same effect as votes AGAINST this proposal. Broker non-votes will not have any effect on this proposal.



THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THIS PROPOSAL.

PROPOSAL 4: RATIFICATION OF THE APPOINTMENT OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Marcum LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019. The Board is asking stockholders to ratify this appointment. Although SEC regulations require the Company's independent registered public accounting firm to be engaged, retained and supervised by the Audit Committee, the Board considers the selection of an independent registered public accounting firm to be an important matter to stockholders and considers a proposal for stockholders to ratify such appointment to be an opportunity for stockholders to provide input to the Audit Committee and the Board on a key corporate governance issue. In the event that our stockholders do not ratify the appointment, it will be considered as a direction to our Audit Committee to consider the selection of a different firm.

Mayer Hoffman McCann P.C. served as our independent registered public accounting firm for the years ended December 31, 2017 and 2016. On August 27, 2018, the Audit Committee approved the dismissal of Mayer Hoffman McCann P.C. as the Company's independent registered public accounting firm.

The audit reports of Mayer Hoffman McCann P.C. on the consolidated financial statements of the Company for the fiscal years ended December 31, 2017 and 2016 and the audit report of Mayer Hoffman McCann P.C. on the effectiveness of internal control over financial reporting for the Company as of December 31, 2017 did not contain any adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. The audit report of Mayer Hoffman McCann P.C. on the effectiveness of internal control over financial reporting for the Company as of December 31, 2016 did conclude that the Company's internal control over financial reporting was not effective due to an identified material weakness.

During the two fiscal years ended December 31, 2017 and 2016 and the subsequent interim period through August 27, 2018, (i) there were no disagreements (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between the Company and Mayer Hoffman McCann P.C. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of Mayer Hoffman McCann P.C. would have caused Mayer Hoffman McCann P.C. to make reference to the subject matter of the disagreement in connection with its reports on the Company's consolidated financial statements, and (ii) there were no "reportable events" (as that term is defined in Item 304(a)(1)(v) of Regulation S-K) other than as described above.

As disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, management identified certain deficiencies that rose to the level of a material weakness related to a lack of sufficient resources in key accounting and financial reporting roles within the organization necessary to prepare financial statements in time to meet regulatory filing requirements (the "Material Weakness"). This lack of sufficient resources was the result of a significant number of unusual and one-time challenges to the Company's personnel and financial reporting processes, including, but not limited to, implementing the Company's internal reorganization that was completed in November 2016, preparing for the Company's planned divestiture of its MiFi business and closure of the Company's accounting function in Eugene, Oregon.

As a result of the Material Weakness, management concluded that, as of December 31, 2016, the Company's internal control over financial reporting was not effective. The Company took measures to remediate the Material Weakness by initiating an active program to: (i) hire additional employees and upgrade certain accounting positions to provide further support to its finance and accounting team; (ii) provide additional functional and system training to employees; (iii) document and formalize its accounting policies and internal control processes and to help

strengthen supervisory reviews by management; and (iv) design and implement monthly manual controls to manage its financial reporting close processes and to help ensure timely preparation of financial statements. As of December 31, 2017, the Company believed that the additional resources provided from this program had remediated the Material Weakness that was caused by a lack of sufficient resources. Furthermore, in the audit report of Mayer Hoffman McCann P.C. on the effectiveness of internal control over financial reporting for the Company as of December 31, 2017, Mayer Hoffman McCann P.C. concluded that the Company maintained, in all material respects, effective internal control over financial reporting.

The Audit Committee and management discussed the Material Weakness and related remediation with Mayer Hoffman McCann P.C. The Company authorized Mayer Hoffman McCann P.C. to respond fully to the inquiries of Marcum LLP, the Company's successor independent registered public accounting firm, concerning the Material Weakness. There were no limitations placed on Mayer Hoffman McCann P.C. or Marcum LLP concerning the inquiry of any matter related to the Company's financial reporting.

On August 27, 2018, the Audit Committee approved the appointment of Marcum LLP to perform independent audit services principally for the Company. During the fiscal years ended December 31, 2017 and 2016, and the subsequent interim period through August 27, 2018, neither the Company nor anyone acting on its behalf consulted Marcum LLP regarding any matter whatsoever, including without limitation with respect to: (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on the Company's financial statements; or (iii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or an event of the type described in Item 304(a)(1)(v) of Regulation S-K.

The disclosures above were originally made in a Current Report on Form 8-K filed by the Company with the SEC on August 30, 2018 (the "Form 8-K"). We provided Mayer Hoffman McCann P.C. with a copy of the disclosures in the Form 8-K and requested that Mayer Hoffman McCann P.C. furnish us with a letter addressed to the SEC stating whether or not Mayer Hoffman McCann P.C. agreed with the above statements and, if not, stating the respects in which it did not agree. A copy of the letter, dated August 31, 2018, furnished by Mayer Hoffman McCann P.C. in response to that request, was filed as Exhibit 16.1 to Amendment No. 1 to the Form 8-K, filed on September 5, 2018. We also provided Mayer Hoffman McCann P.C. with a copy of these Proxy Statement disclosures in advance of filing the Proxy Statement with the SEC, and they confirmed their agreement with the statements concerning them.

Representatives of Marcum LLP are expected to be present at the Annual Meeting and will be offered the opportunity to make a statement if they so desire. They will also be available to answer questions. Representatives of Mayer Hoffman McCann P.C. are not expected to be present at the Annual Meeting.

Principal Accountant Fees and Services

The following table sets forth fees for audit services rendered by Marcum LLP and Mayer Hoffman McCann P.C. for the audit of our consolidated financial statements for 2018 and 2017, and fees for other services rendered by Marcum LLP and Mayer Hoffman McCann P.C. during those respective years.

	2018	2017
Audit Fees ⁽¹⁾	\$1,029,295	\$823,005
Audit-Related Fees ⁽²⁾	\$ 132,320	—
Tax Fees	—	—
All Other Fees	—	—
Total	\$1,161,615	\$823,005

- (1) Audit fees consist principally of fees for the audits of our annual consolidated financial statements and internal control over financial reporting, review of our interim consolidated financial statements, comfort letter and consent work performed by Mayer Hoffman McCann P.C. and Marcum LLP. Of the audit fees for the year ended December 31, 2018, a total of \$241,883 was attributable to Mayer Hoffman McCann P.C. and a total of \$787,412 was attributable to Marcum LLP. Of the audit fees for the year ended December 31, 2017, all \$823,005 was attributable to Mayer Hoffman McCann P.C. Mayer Hoffman McCann P.C. leases substantially all of its personnel, who work under the control of Mayer Hoffman McCann P.C. shareholders, from wholly-owned subsidiaries of CBIZ, Inc., including CBIZ MHM, LLC, in an alternative practice structure.
- (2) Audit-related fees consist primarily of fees for accounting consultations and any other audit attestation services. Of the audit-related fees for the year ended December 31, 2018, a total of \$123,458 was attributable to Mayer Hoffman McCann P.C. and a total of \$8,862 was attributable to Marcum LLP.

Pre-Approval Policies and Procedures

The Audit Committee annually reviews and pre-approves certain audit and non-audit services that may be provided by our independent registered public accounting firm and establishes and pre-approves the aggregate fee level for these services. Any proposed services that would cause us to exceed the pre-approved aggregate fee amount must be pre-approved by the Audit Committee. All audit and non-audit services for 2017 and 2018 were pre-approved by the Audit Committee.

Recommendation and Vote Required

Assuming that a quorum is present, the affirmative vote of the holders of a majority of the shares of our outstanding common stock present, in person or represented by proxy, and entitled to vote at the Annual Meeting is required to ratify the appointment of Marcum LLP. Abstentions will have the same effect as votes AGAINST this proposal. The ratification of the appointment of Marcum LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019, is considered a routine matter under applicable rules. A broker, dealer, bank or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected in connection with this proposal.



THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its responsibility to oversee management's implementation of the Company's financial reporting process. The Audit Committee Charter can be viewed on the Company's website at investor.inseego.com under "Corporate Governance" and is available in print upon request. In discharging its oversight role, the Audit Committee reviewed and discussed the audited financial statements contained in the 2018 Annual Report on Form 10-K for the year ended December 31, 2018 with the Company's management and its independent registered public accounting firm. Management is responsible for the financial statements and the reporting process, including the system of disclosure controls and procedures and internal control over financial reporting. The independent registered public accounting firm is responsible for expressing an opinion on the conformity of the Company's financial statements with accounting principles generally accepted in the United States and on the effectiveness of the Company's internal control over financial reporting.

The Audit Committee met with the independent registered public accounting firm and discussed issues deemed significant by the accounting firm, and the Audit Committee has discussed with the independent auditors the matters required to be discussed pursuant to Auditing Standard No. 1301, *Communications with Audit Committee*, as adopted by the Public Company Accounting Oversight Board. In addition, the Audit Committee discussed with the independent registered public accounting firm its independence from the Company and its management; received the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence; and considered whether the provision of non-audit services was compatible with maintaining the accounting firm's independence.

In reliance on the reviews and discussions outlined above, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the SEC.

AUDIT COMMITTEE

Jeffrey Tuder, *Chair*
Brian Miller
Robert Pons

The foregoing Report of the Audit Committee is not "soliciting material," is not deemed "filed" with the SEC, and shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing of ours under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, except to the extent we specifically incorporate this report by reference.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who beneficially own more than 10% of our common stock to file initial reports of beneficial ownership and reports of changes in beneficial ownership with the SEC. These reporting persons are required by SEC rules to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms furnished to us and written representations from our directors and executive officers, we believe that all Section 16(a) filing requirements applicable to our directors, executive officers and greater than 10% stockholders were complied with during the 2018 fiscal year, except that one Form 4 for each of Messrs. Falcone, Licht and Sek and one Form 4 filed jointly by Continental Insurance Group, Ltd., HC2 Holdings 2, Inc., HC2 Holdings, Inc., Continental General Insurance Co. and Continental Insurance, Inc., were filed late.

Stockholder Proposals

STOCKHOLDER PROPOSALS

Stockholder Proposals for Inclusion in 2020 Proxy Statement. In order to be included in our proxy materials for our 2020 annual meeting of stockholders, a stockholder proposal or information about a proposed director candidate must be timely received in writing by the Company at Inseego Corp., Attention: Secretary, 9605 Scranton Road, Suite 300, San Diego, California 92121, by January 16, 2020, and otherwise comply with all requirements of the SEC, the General Corporation Law of Delaware and the Bylaws.

Stockholder Proposals to be presented at the 2020 Annual Meeting of Stockholders. If you do not wish to submit a proposal or information about a proposed director candidate for inclusion in next year's proxy materials, but instead wish to present it directly at the 2020 annual meeting of stockholders, you must give timely written notice of the proposal to our Secretary. To be timely, the notice must be received no earlier than February 27, 2020 and no later than March 28, 2020. The notice must describe the stockholder proposal in reasonable detail and provide certain other information required by our Bylaws, a copy of which is available upon request from our Secretary at the above address.

MISCELLANEOUS AND OTHER MATTERS

The Board knows of no other matters to be presented for stockholder action at the Annual Meeting. However, if other matters do properly come before the Annual Meeting or any adjournment or postponements thereof, the Board intends that the persons named in the proxies will vote upon such matters in accordance with their best judgment.

By Order of the Board of Directors,



Dan Mondor

Chairman and Chief Executive Officer

San Diego, California
May 15, 2019

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE YOUR SHARES ONLINE, BY TELEPHONE OR, IF YOU REQUESTED PRINTED COPIES OF THESE MATERIALS, BY SIGNING AND PROMPTLY RETURNING YOUR PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED. YOU MAY REVOKE YOUR PROXY AT ANY TIME PRIOR TO THE ANNUAL MEETING. THANK YOU FOR YOUR ATTENTION TO THIS MATTER. YOUR PROMPT RESPONSE WILL GREATLY FACILITATE ARRANGEMENTS FOR THE ANNUAL MEETING

INSEEGO CORP.

2018 Omnibus Incentive Compensation Plan

1. **Purpose.** Inseego Corp. hereby amends and restates the Inseego Corp. 2009 Omnibus Incentive Compensation Plan into this Inseego Corp. 2018 Omnibus Incentive Compensation Plan. The purpose of the Plan is to promote the long-term success of the Company and the creation of stockholder value by offering directors, officers, employees and consultants of the Company an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, and to encourage such selected persons to continue to provide services to the Company and to attract new individuals with outstanding qualifications.
2. **Definitions.** As used in the Plan,
 - (a) “Affiliate” means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries owns not less than 50 percent of such entity.
 - (b) “Aggregate Share Limit” means the aggregate maximum number of shares available under the Plan pursuant to Section 3(a)(i) of the Plan.
 - (c) “Annual Incentive Award” means a cash award granted pursuant to Section 8 of the Plan, where such award is based on Management Objectives and a Performance Period of one year or less.
 - (d) “Appreciation Right” means a right granted pursuant to Section 5 of the Plan.
 - (e) “Award” means any Annual Incentive Award, Option Right, Restricted Stock, Restricted Stock Unit, Appreciation Right, Performance Share, Performance Unit or Other Award granted pursuant to the terms of the Plan.
 - (f) “Base Price” means the price to be used as the basis for determining the Spread upon the exercise of an Appreciation Right.
 - (g) “Beneficial Owner” or “Beneficial Ownership” has the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.
 - (h) “Board” means the Board of Directors of Inseego, as constituted from time to time.
 - (i) “Change in Control” means, except as may otherwise be provided in an Evidence of Award or in a Participant’s written employment agreement, change-in-control agreement, severance agreement, or other similar written agreement or arrangement that expressly provides that such definition applies with respect to this Plan, the first to occur of the following events:
 - (i) any Person is or becomes the Beneficial Owner of 50 percent or more of the combined voting power of the then-outstanding Voting Stock of Inseego; provided, however, that:
 - (1) the following acquisitions will not constitute a Change in Control: (A) any acquisition of Voting Stock of Inseego directly from Inseego that is approved by a majority of the Incumbent Directors, (B) any acquisition of Voting Stock of Inseego by the Company, (C) any acquisition of Voting Stock of Inseego by the trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company, and (D) any acquisition of Voting Stock of Inseego by any Person pursuant to a Business Transaction (as defined below) that complies with clauses (A), (B) and (C) of Section 2(i)(iii) below;
 - (2) if any Person is or becomes the Beneficial Owner of 50 percent or more of the combined voting power of the then-outstanding Voting Stock of Inseego as a result of a transaction described in clause (A) of Section 2(i)(i)(1) above and such Person thereafter becomes the Beneficial Owner of any additional shares of Voting Stock of Inseego representing one percent or more of the then-outstanding Voting Stock of Inseego, other than in an acquisition directly from Inseego that is approved by a majority of the Incumbent Directors or other than as a result of a stock dividend, stock split or similar transaction effected by

Inseego in which all holders of Voting Stock are treated equally, such subsequent acquisition will be treated as a Change in Control;

(3) a Change in Control will not be deemed to have occurred if a Person is or becomes the Beneficial Owner of 50 percent or more of the Voting Stock of Inseego as a result of a reduction in the number of shares of Voting Stock of Inseego outstanding pursuant to a transaction or series of transactions that is approved by a majority of the Incumbent Directors unless and until such Person thereafter becomes the Beneficial Owner of any additional shares of Voting Stock of Inseego representing one percent or more of the then-outstanding Voting Stock of Inseego, other than as a result of a stock dividend, stock split or similar transaction effected by Inseego in which all holders of Voting Stock are treated equally; and

(4) if at least a majority of the Incumbent Directors determine in good faith that a Person has acquired Beneficial Ownership of 50 percent or more of the Voting Stock of Inseego inadvertently, and such Person divests as promptly as practicable but no later than the date, if any, set by the Incumbent Directors a sufficient number of shares so that such Person has Beneficial Ownership of less than 50 percent of the Voting Stock of Inseego, then no Change in Control will have occurred as a result of such Person's acquisition; or

(ii) a majority of the Board ceases to be comprised of Incumbent Directors; or

(iii) the consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of Inseego or the acquisition of the stock or assets of another corporation, or other transaction (each, a "Business Transaction"), unless, in each case, immediately following such Business Transaction (A) the Voting Stock of Inseego outstanding immediately prior to such Business Transaction continues to represent (either by remaining outstanding or by being converted into Voting Stock of the surviving entity or any parent thereof), more than 50 percent of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Transaction (including, without limitation, an entity which as a result of such transaction owns Inseego or all or substantially all of Inseego's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Transaction, of the Voting Stock of Inseego, (B) no Person (other than Inseego, such entity resulting from such Business Transaction, or any employee benefit plan (or related trust) sponsored or maintained by the Company or such entity resulting from such Business Transaction) has Beneficial Ownership, directly or indirectly, of 50 percent or more of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Transaction, and (C) at least a majority of the members of the Board of Directors of the entity resulting from such Business Transaction were Incumbent Directors at the time of the execution of the initial agreement or of the action of the Board providing for such Business Transaction; or

(iv) Inseego implements a plan for liquidation or dissolution of Inseego, except pursuant to a Business Transaction that complies with clauses (A), (B) and (C) of Section 2(i)(iii).

(j) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, as such law and regulations may be amended from time to time.

(k) "Committee" means a committee consisting of one or more members of the Board that is appointed by the Board (as described in Section 12) to administer the Plan.

(l) "Company" means, collectively, Inseego and its Subsidiaries.

(m) "Consultant" means an individual who performs bona fide services to the Company or an Affiliate, other than as an Employee or Director.

(n) "Date of Grant" means the date specified by the Board on which a grant of an Award will become effective (which date will not be earlier than the date on which the Board takes action with respect thereto).

(o) "Director" means a member of the Board of Directors of Inseego.

(p) "Employee" means an individual who is an employee of the Company or an Affiliate.

(q) “Evidence of Award” means an agreement, certificate, resolution, notification or other type or form of writing or other evidence approved by the Board that sets forth the terms and conditions of the Awards granted. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of Inseego and, unless otherwise determined by the Board, need not be signed by a representative of Inseego or a Participant.

(r) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

(s) “GAAP” means accounting principles generally accepted in the United States of America as in effect from time to time.

(t) “Incentive Stock Options” means Option Rights that are intended to qualify as “incentive stock options” under Section 422 of the Code or any successor provision.

(u) “Incumbent Directors” means the individuals who, as of the date this amended and restated plan was adopted by the Board, are Directors of Inseego and any individual becoming a Director subsequent to the date hereof whose election, nomination for election by Inseego’s stockholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of Inseego in which such person is named as a nominee for Director, without objection to such nomination); provided, however, that an individual will not be an Incumbent Director if such individual’s election or appointment to the Board occurs as a result of an actual or threatened election contest with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

(v) “Inseego” means Inseego Corp., a Delaware corporation, and any successors thereto.

(w) “Management Objectives” means the performance objective or objectives established pursuant to the Plan for Participants who have received grants of Annual Incentive Awards, Performance Shares or Performance Units or, when so determined by the Board, Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, dividend equivalents or Other Awards pursuant to the Plan. Management Objectives may be described in terms of Inseego-wide objectives or objectives that are related to the performance of the individual Participant or a Subsidiary, division, business unit, region or function within Inseego or any Subsidiary. The Management Objectives may be made relative to the performance of other companies. The Management Objectives may be based on any criteria selected by the Board.

At the Board’s discretion, any Management Objective may be measured before special items, and may or may not be determined in accordance with GAAP. The Board shall have the authority to make equitable adjustments to the Management Objectives (and to the related minimum, target and maximum levels of achievement or performance) as follows: in recognition of unusual or non-recurring events affecting Inseego or any Subsidiary or Affiliate or the financial statements of Inseego or any Subsidiary or Affiliate; in response to changes in applicable laws or regulations; to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of a business or related to a change in accounting principles; or in recognition of any events or circumstances (including, without limitation, changes in the business, operations, corporate or capital structure of the Company or the manner in which it conducts its business) that render the Management Objectives unsuitable, as determined by the Board in its sole discretion.

(x) “Market Value Per Share” means as of any particular date the closing sale price of a Share as reported on the Nasdaq Stock Market or, if not listed on such exchange, on any other national securities exchange on which the Shares are listed. If the Shares are not traded as of any given date, the Market Value Per Share means the closing price for the Shares on the principal exchange on which the Shares are traded for the immediately preceding date on which the Shares were traded. If there is no regular public trading market for the Shares, the Market Value Per Share of the Shares shall be the fair market value of the Shares as determined in good faith by the Board. The Board is authorized to adopt another fair market value pricing method, provided such method is in compliance with the fair market value pricing rules set forth in Section 409A of the Code.

(y) “Option Price” means the purchase price payable on exercise of an Option Right.

(z) “Option Right” means the right to purchase Shares upon exercise of an option granted pursuant to Section 4 of the Plan.

(aa) “Optionee” means the optionee named in an Evidence of Award evidencing an outstanding Option Right.

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- (bb) “Other Award” means an Award granted pursuant to Section 9 of the Plan.
- (cc) “Participant” means a person who is selected by the Board to receive Awards under the Plan and who is or is expected to become an Employee, Director, or Consultant.
- (dd) “Performance Period” means, in respect of an Award, a period of time within which the Management Objectives relating to such Award are to be achieved, as determined by the Board in its sole discretion. The Board may establish different Performance Periods for different Participants, and the Board may establish concurrent or overlapping Performance Periods.
- (ee) “Performance Share” means an Award under the Plan equivalent to the right to receive one Share awarded pursuant to Section 8 of the Plan.
- (ff) “Performance Unit” means a unit awarded pursuant to Section 8 of the Plan that is equivalent to \$1.00 or such other value as is determined by the Board.
- (gg) “Person” shall have the meaning set forth in Section 3(a)(9) of the Exchange Act or any successor provision thereto, as modified and used in Sections 13(d) and 14(d) thereof and the rules thereunder.
- (hh) “Plan” means this Inseego Corp. 2018 Omnibus Incentive Compensation Plan, as amended.
- (ii) “Restricted Stock” means Shares granted pursuant to Section 6 of the Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.
- (jj) “Restricted Stock Unit” means an Award made pursuant to Section 7 of the Plan.
- (kk) “Restriction Period” means the period of time during which Restricted Stock or Restricted Stock Units may be subject to restrictions, as provided in Section 6 and Section 7 of the Plan.
- (ll) “Secondary Committee” means one or more senior officers of Inseego (who need not be members of the Board), acting as a committee established by the Board pursuant to Section 12(b) of the Plan, subject to such conditions and limitations as the Board shall prescribe.
- (mm) “Shares” means the shares of common stock, par value \$0.001 per share, of Inseego or any security into which such Shares may be changed by reason of any transaction or event of the type referred to in Section 11 of the Plan.
- (nn) “Spread” means the excess of the Market Value Per Share on the date when an Appreciation Right is exercised, or on the date when Option Rights are surrendered in payment of the Option Price of other Option Rights, over the Option Price or Base Price provided for in the related Option Right or Appreciation Right, respectively.
- (oo) “Subsidiary” means a corporation, company or other entity (i) more than 50 percent of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than 50 percent of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by Inseego; except that, for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, “Subsidiary” means any corporation in which at the time Inseego owns or controls, directly or indirectly, more than 50 percent of the total combined voting power represented by all classes of stock issued by such corporation.
- (pp) “Voting Stock” means securities entitled to vote generally in the election of directors.
- (qq) “10% Shareholder” means a Person who, as of a relevant date, owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company.

3. Shares Available Under the Plan.

(a) Maximum Shares Available Under Plan.

(i) Subject to adjustment as provided in Section 11 of the Plan, the maximum number of Shares that may be issued (A) upon the exercise of Option Rights or Appreciation Rights, (B) in payment or settlement of Restricted Stock and released from substantial risks of forfeiture thereof, (C) in payment or settlement of Restricted Stock Units, (D) in payment or settlement of Performance Shares or Performance Units that have been earned, (E) in payment or settlement of Other Awards, or (F) in payment of dividend equivalents paid with respect to Awards made under the Plan, in the aggregate will not exceed 20,253,085 Shares (the “Aggregate Share Limit”).

(ii) Shares that are issued in connection with inducement grants pursuant to Nasdaq Listing Rule 5635 and Shares issued under any plan assumed by Inseego in any corporate transaction will not count against the Aggregate Share Limit. Shares covered by an Award granted under the Plan shall not be counted against the Aggregate Share Limit unless and until they are actually issued and delivered to a Participant and, therefore, the total number of Shares available under the Plan as of a given date shall not be reduced by any Shares relating to prior Awards that have expired or have been forfeited or cancelled or terminated for any other reason other than being exercised or settled, and to the extent of payment in cash of the benefit provided by any Award granted under the Plan, any Shares that were covered by that Award will be available for issue or transfer hereunder. In addition, upon the full or partial payment of any Option Price by the transfer to the Company of Shares or upon satisfaction of tax withholding provisions in connection with any such exercise or any other payment made or benefit realized under this Plan by the transfer or relinquishment of Shares, there shall be deemed to have been issued under this Plan only the net number of Shares actually issued by the Company.

(iii) Subject to adjustment as provided in Section 11 of the Plan, the aggregate number of Shares actually issued by the Company upon the exercise of Incentive Stock Options will not exceed 7,000,000 Shares.

4. **Option Rights.** The Board may, from time to time, authorize the granting to Participants of Option Rights upon such terms and conditions consistent with the following provisions as it may determine:

(a) Each grant will specify the number of Shares to which it pertains subject to the limitations set forth in Section 3 of the Plan.

(b) Each grant will specify an Option Price per share, which may not be less than (i) the Market Value Per Share on the Date of Grant or (ii) if the Person to whom an Incentive Stock Option is granted is a 10% Shareholder on the Date of Grant, 110% of the Market Value Per Share on the Date of Grant. However, an Incentive Stock Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Incentive Stock Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424 of the Code or if the Award is designated as a “Section 409A Award” and has either a fixed exercise date or a fixed delivery date.

(c) Each grant will specify whether the Option Price will be payable (i) in cash or by check acceptable to Inseego or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to Inseego of Shares owned by the Optionee (or other consideration authorized pursuant to Section 4(d)) having a value at the time of exercise equal to the total Option Price, (iii) by withholding by Inseego from the Shares otherwise deliverable to the Optionee upon the exercise of such Option Rights, a number of Shares having a value at the time of exercise equal to the total Option Price, (iv) by a combination of such methods of payment, or (v) by such other methods as may be approved by the Board.

(d) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to Inseego of some or all of the Shares to which such exercise relates.

(e) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.

(f) Each grant will specify the period or periods of continuous service by the Optionee with Inseego or any Subsidiary that is necessary before the Option Rights or installments thereof will become exercisable.

(g) Any grant of Option Rights may specify Management Objectives that must be achieved as a condition to the exercise of such rights.

(h) Option Rights granted under the Plan may be (i) Incentive Stock Options, (ii) options that are not intended to qualify as Incentive Stock Options, or (iii) combinations of the foregoing. Incentive Stock Options may only be granted to Participants who are “employees” (under Section 3401(c) of the Code) of Inseego or a subsidiary of Inseego (under Section 424 of the Code). Any Option Right designated as an Incentive Stock Option will not be an Incentive Stock Option to the extent the Option Right fails to meet the requirements of Section 422 of the Code. Each grant will specify whether the Option Right is an Incentive Stock Option or an option that is not intended to qualify as an Incentive Stock Option.

(i) The Board may substitute, without receiving Participant permission, Appreciation Rights payable only in Shares (or Appreciation Rights payable in Shares or cash, or a combination of both, at the Board’s discretion) for outstanding Option Rights; provided, however, that the terms of the substituted Appreciation Rights are substantially the same as the terms for the Option Rights at the date of substitution and the difference between the Market Value Per Share of the underlying Shares and the Base Price of the Appreciation Rights is equivalent to the difference between the Market Value Per Share of the underlying Shares and the Option Price of the Option Rights. If the Board determines, based upon advice from Inseego’s accountants, that this provision creates adverse accounting consequences for Inseego, it shall be considered null and void.

(j) No Option Right will be exercisable more than 10 years from the Date of Grant; provided, however, that with respect to Incentive Stock Options issued to 10% Shareholders, the term of each such Option Right shall not exceed five (5) years from the date it is granted.

(k) No grant of Option Rights may provide for dividends, dividend equivalents or other similar distributions to be paid on such Option Rights.

(l) No Option Right shall include terms entitling the Participant to a grant of Option Rights or Appreciation Rights on exercise of the Option Right.

5. **Appreciation Rights.** The Board may, from time to time, authorize the granting to any Participant of Appreciation Rights upon such terms and conditions consistent with the following provisions as it may determine:

(a) An Appreciation Right will be a right of the Participant to receive from Inseego an amount determined by the Board, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise.

(b) Each grant will specify the Base Price, which may not be less than the Market Value Per Share on the Date of Grant.

(c) Any grant may specify that the amount payable on exercise of an Appreciation Right may be paid by Inseego in cash, in Shares or in any combination thereof and may retain for the Board the right to elect among those alternatives.

(d) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Board at the Date of Grant.

(e) Any grant may specify waiting periods before exercise and permissible exercise dates or periods.

(f) Each grant will specify the period or periods of continuous service by the Participant with Inseego or any Subsidiary that is necessary before such Appreciation Right or installments thereof will become exercisable.

(g) Any grant of Appreciation Rights may specify Management Objectives that must be achieved as a condition of the exercise of such Appreciation Rights.

(h) Successive grants may be made to the same Participant regardless of whether any Appreciation Rights previously granted to the Participant remain unexercised.

(i) No Appreciation Right granted under the Plan may be exercised more than 10 years from the Date of Grant.

(j) No grant of Appreciation Rights may provide for dividends, dividend equivalents or other similar distributions to be paid on such Appreciation Rights.

(k) No Appreciation Right shall include terms entitling the Participant to a grant of Option Rights or Appreciation Rights on exercise of the Appreciation Right.

6. **Restricted Stock.** The Board may, from time to time, authorize the granting of Restricted Stock to Participants upon such terms and conditions consistent with the following provisions as it may determine:

(a) Each such grant will constitute an immediate transfer of the ownership of Shares to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but such rights shall be subject to such restrictions and the fulfillment of such conditions (which may include the achievement of Management Objectives) during the Restriction Period as the Board may determine.

(b) Each such grant may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value Per Share at the Date of Grant.

(c) Each such grant will provide that the Restricted Stock covered by such grant that vests upon the passage of time will be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Code for a Restriction Period to be determined by the Board at the Date of Grant or upon achievement of Management Objectives referred to in subparagraph (e) below.

(d) Each such grant will provide that during, and may provide that after, the Restriction Period, the transferability of the Restricted Stock will be prohibited or restricted in the manner and to the extent prescribed by the Board at the Date of Grant (which restrictions may include, without limitation, rights of repurchase or first refusal in Inseego or provisions subjecting the Restricted Stock to a continuing substantial risk of forfeiture in the hands of any transferee).

(e) Any grant of Restricted Stock may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such Restricted Stock.

(f) Notwithstanding anything to the contrary contained in the Plan, any grant of Restricted Stock may provide for the earlier termination of restrictions on such Restricted Stock in the event of the retirement, death or disability, or other termination of employment of a Participant, or a Change in Control.

(g) Any such grant of Restricted Stock may require that any or all dividends or other distributions paid thereon during the Restriction Period be automatically deferred and reinvested in additional shares of Restricted Stock or paid in cash, which may be subject to the same restrictions as the underlying Award; provided, however, that dividends or other distributions on Restricted Stock subject to Management Objectives shall be deferred and paid in cash upon the achievement of the applicable Management Objectives and the lapse of all restrictions on such Restricted Stock.

(h) Unless otherwise directed by the Board, (i) all certificates representing shares of Restricted Stock will be held in custody by Inseego until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such Shares, or (ii) all shares of Restricted Stock will be held at Inseego’s transfer agent in book entry form with appropriate restrictions relating to the transfer of such shares of Restricted Stock.

7. **Restricted Stock Units.** The Board may, from time to time, authorize the granting of Restricted Stock Units to Participants upon such terms and conditions consistent with the following provisions as it may determine:

(a) Each such grant will constitute the agreement by Inseego to deliver Shares or cash to the Participant in the future in consideration of the performance of services, but subject to such restrictions and the fulfillment of such conditions (which may include the achievement of Management Objectives) during the Restriction Period as the Board may specify.

(b) Each such grant may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value Per Share at the Date of Grant.

(c) Notwithstanding anything to the contrary contained in the Plan, any grant of Restricted Stock Units may provide for the earlier lapse or modification of the Restriction Period in the event of the retirement, death or disability, or other termination of employment of a Participant, or a Change in Control

(d) During the Restriction Period, the Participant will have no right to transfer any rights under his or her Award and will have no rights of ownership in the Restricted Stock Units and will have no right to vote them, but the Board may at the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units on either a current, deferred or contingent basis either in cash, additional Restricted Stock Units or in additional Shares; provided, however, that dividend equivalents on Restricted Stock Units subject to Management Objectives shall be deferred and paid in cash upon the achievement of the applicable Management Objectives and the lapse of all restrictions on such Restricted Stock Units.

(e) Each grant of Restricted Stock Units will specify the time and manner of payment of the Restricted Stock Units that have been earned.

8. **Annual Incentive Awards, Performance Shares and Performance Units.** The Board may, from time to time, authorize the granting of Annual Incentive Awards, Performance Shares and Performance Units that will become payable to a Participant upon achievement of specified Management Objectives during the Performance Period, upon such terms and conditions consistent with the following provisions as it may determine:

(a) Each grant will specify either the number of shares, or amount of cash, payable with respect to Annual Incentive Awards, Performance Shares or Performance Units to which it pertains, which number or amount payable may be subject to adjustment to reflect changes in compensation or other factors.

(b) The Performance Period with respect to each Annual Incentive Award, Performance Share or Performance Unit will be such period of time (not less than one year in the case of each Performance Share and Performance Unit), as will be determined by the Board at the time of grant, which Performance Period may be subject to earlier lapse or other modification in the event of the retirement, death or disability, or other termination of employment of a Participant, or a Change in Control.

(c) Any grant of Annual Incentive Awards, Performance Shares or Performance Units will specify Management Objectives that, if achieved, will result in payment or early payment of the Award and may set forth a formula for determining the number of Shares, or amount of cash, payable with respect to Annual Incentive Awards, Performance Shares or Performance Units that will be earned if performance is at or above the minimum or threshold level or levels.

(d) Each grant will specify the time and manner of payment of Annual Incentive Awards, Performance Shares or Performance Units that have been earned. Any grant of Performance Shares or Performance Units may specify that the amount payable with respect thereto may be paid by Inseego in cash, in Shares or in any combination thereof and will retain in the Board the right to elect among those alternatives.

(e) Any grant of Annual Incentive Awards, Performance Shares or Performance Units may specify that the amount payable or the number of Shares issued with respect thereto may not exceed maximums specified by the Board at the Date of Grant.

(f) The Board may at the Date of Grant of Performance Shares provide for the payment of dividend equivalents to the holder thereof on either a current, deferred or contingent basis, either in cash or in additional Shares; provided, however, that dividend equivalents on Performance Shares shall be deferred and paid in cash upon the achievement of the applicable Management Objectives.

9. **Other Awards.**

(a) The Board may, subject to limitations under applicable law, grant to any Participant such Other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares or factors that may influence the value of such Shares, including, without limitation, awards consisting of securities or other rights convertible or exchangeable into Shares, purchase rights for Shares, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, Affiliates or other business units thereof or any other factors designated by the Board, and awards valued by reference to the book value of Shares or the value of securities of, or the performance of specified Subsidiaries or Affiliates or other business units of Inseego. The Board shall determine the terms and conditions of such awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 9 shall be

purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, cash, Shares, Other Awards, notes or other property, as the Board shall determine.

(b) Except as otherwise provided in Section 15(b), cash Awards, as independent Awards or as an element of or supplement to any other Award granted under the Plan, may also be granted pursuant to this Section 9.

(c) The Board may grant Shares as a bonus, or may grant other Awards in lieu of obligations of Inseego or a Subsidiary to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, subject to such terms as shall be determined by the Board in a manner that complies with Section 409A of the Code.

10. **Transferability.**

(a) Except as otherwise determined by the Board, no Awards granted under the Plan and no rights under any such Awards shall be assignable, alienable, saleable, or transferable by the Participant except by will or the laws of descent and distribution, and in no event shall any such Award granted under the Plan be transferred for value. Except as otherwise determined by the Board, Option Rights and Appreciation Rights will be exercisable during the Participant's lifetime only by him or her or, in the event of the Participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law and/or court supervision.

(b) The Board may specify at the Date of Grant that part or all of the Shares that are to be issued by the Company upon the exercise of Option Rights or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Stock or Restricted Stock Units or upon payment under any grant of Performance Shares, Performance Units or Other Awards will be subject to further restrictions on transfer.

11. **Adjustments.** The Board shall make or provide for such adjustments in the number of Shares covered by outstanding Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units granted hereunder and, if applicable, in the number of Shares covered by Other Awards, in the Option Price and Base Price provided in outstanding Option Rights or Appreciation Rights, and in the kind of Shares covered thereby, as the Board, in its sole discretion, may determine is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Board, in its discretion, may provide in substitution for any or all outstanding Awards under the Plan such alternative consideration (including cash), if any, as it may determine to be equitable in the circumstances and may require in connection therewith the surrender of all Awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price greater than the consideration offered in connection with any such transaction or event or Change in Control, the Board may in its sole discretion elect to cancel such Option Right or Appreciation Right without any payment to the person holding such Option Right or Appreciation Right. The Board shall also make or provide for such adjustments in the number of Shares specified in Section 3 of the Plan as the Board in its sole discretion, may determine is appropriate to reflect any transaction or event described in this Section 11; provided, however, that any such adjustment to the number specified in Section 3(a)(iii) will be made only if and to the extent that such adjustment would not cause any Option Right intended to qualify as an Incentive Stock Option to fail so to qualify.

12. **Administration of the Plan.**

(a) The Plan will be administered by the Board, which may from time to time delegate all or any part of its authority under the Plan to the Committee. To the extent of any such delegation, references in the Plan to the Board will be deemed to be references to such Committee. A majority of the Committee will constitute a quorum, and the action of the members of the Committee present at any meeting at which a quorum is present, or acts unanimously approved in writing, will be the acts of the Committee.

(b) To the extent permitted by applicable law, including any rule of the Nasdaq Stock Market, the Board or Committee may delegate its duties under the Plan to a Secondary Committee, subject to such conditions and limitations as the Board or Committee shall prescribe; provided, however, that: (i) only the Board or Committee may grant an Award to a Participant who is subject to Section 16 of the Exchange Act; and (ii) the Secondary Committee shall report periodically to the Board or the Committee, as the case may be, regarding the nature and scope of the Awards granted pursuant to the authority

delegated. To the extent of any such delegation, references or deemed references in the Plan to the Committee will be deemed to be references to such Secondary Committee. A majority of the Secondary Committee will constitute a quorum, and the action of the members of the Secondary Committee present at any meeting at which a quorum is present, or acts unanimously approved in writing, will be the acts of the Secondary Committee.

(c) The Board shall have full and exclusive discretionary power to interpret the terms and the intent of this Plan and any Evidence of Award or other agreement or document ancillary to or in connection with this Plan, to determine eligibility for Awards and to adopt such rules, regulations, forms, instruments, and guidelines for administering this Plan as the Board may deem necessary or proper. Such authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including the terms and conditions set forth in an Evidence of Award, granting Awards as an alternative to or as the form of payment for grants or rights earned or due under compensation plans or arrangements of the Company, construing any ambiguous provision of the Plan or any Evidence of Award, and, subject to Sections 15 and 18, adopting modifications and amendments to this Plan or any Evidence of Award, including without limitation, any that are necessary to comply with the laws of the countries and other jurisdictions in which Inseego, its Affiliates, and/or its Subsidiaries operate. The grant of any Award that specifies Management Objectives that must be achieved before such Award can be earned or paid will specify that, before such Award will be earned and paid, the Board must certify that the Management Objectives have been satisfied.

(d) The interpretation and construction by the Board of any provision of this Plan or of any Evidence of Award or other agreement or document ancillary to or in connection with this Plan and any determination by the Board pursuant to any provision of the Plan or of any such Evidence of Award or other agreement or document ancillary to or in connection with this Plan will be final and conclusive. No member of the Board will be liable for any such action or determination made in good faith.

(e) Any Participant who believes he or she is being denied any benefit or right under the Plan or under any Award or Evidence of Award may file a written claim with the Committee. Any claim must be delivered to the Committee within six month of the specific event giving rise to the claim. Untimely claims will not be processed and shall be deemed denied. The Committee, or its designee, generally will notify the Participant of its decision in writing as soon as administratively practicable. Claims shall be deemed denied if the Committee does not respond in writing within 180 days of the date the written claim is delivered to the Committee. The Committee's decision is final and conclusive and binding on all Persons. No lawsuit or arbitration relating to the Plan may be filed or commenced before a written claim is filed with the Committee and is denied or deemed denied, and any lawsuit must be filed within one year of such denial or deemed denial or be forever barred.

13. **Non U.S. Participants.** In order to facilitate the making of any grant or combination of grants under the Plan, the Board may provide for such special terms for Awards to Participants who are foreign nationals or who are employed by Inseego or any Subsidiary outside of the United States of America, as the Board may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Board may approve such supplements to or amendments, restatements or alternative versions of the Plan (including without limitation, sub-plans) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Plan as in effect for any other purpose, and the Secretary or other appropriate officer of Inseego may certify any such document as having been approved and adopted in the same manner as the Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of the Plan as then in effect unless the Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of Inseego.

14. **Withholding Taxes.** To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other Person under the Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other Person make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Board) may include relinquishment of a portion of such benefit. If a Participant's benefit is to be received in the form of Shares, and such Participant fails to make arrangements for the payment of tax, the Company shall withhold such Shares having a value that shall not exceed the statutory maximum amount permitted to be withheld. Notwithstanding the foregoing, when a Participant is required to pay the Company an amount required to be withheld under applicable income and employment tax laws, the Participant may elect, or the Company may require the Participant, to satisfy the obligation, in whole or in part, by electing to have withheld, from the Shares required to be delivered to the Participant, Shares having a value equal to the amount required to be withheld, or by delivering to the Company other Shares held by such Participant. The Shares used for tax withholding will be valued at an amount equal to the Market Value Per Share of such Shares on the date the benefit is to be included in

Participant's income. Participants shall also make such arrangements as the Company may require for the payment of any withholding tax obligation that may arise in connection with the disposition of Shares acquired upon the exercise of Option Rights.

15. Amendments, Etc.

(a) The Board may at any time and from time to time amend the Plan in whole or in part; provided, however, that if an amendment to the Plan must be approved by the stockholders of Inseego in order to comply with applicable law or the rules of the Nasdaq Stock Market or, if the Shares are not traded on the Nasdaq Stock Market, the principal national securities exchange upon which the Shares are traded or quoted, then, such amendment will be subject to stockholder approval and will not be effective unless and until such approval has been obtained.

(b) Except in connection with a corporate transaction or event described in Section 11 of the Plan, the terms of outstanding Awards may not be amended to reduce the Option Price of outstanding Option Rights or the Base Price of outstanding Appreciation Rights, and no outstanding Option Rights or Appreciation Rights may be cancelled in exchange for other Awards, or cancelled in exchange for Option Rights or Appreciation Rights with an Option Price or Base Price, as applicable, that is less than the Option Price of the original Option Rights or Base Price of the original Appreciation Rights, as applicable, or cancelled in exchange for cash, without stockholder approval. This Section 15(b) is intended to prohibit (without stockholder approval) the repricing of "underwater" Option Rights and Appreciation Rights and will not be construed to prohibit the adjustments provided for in Section 11 of the Plan. Notwithstanding any provision of the Plan to the contrary, this Section 15(b) may not be amended without approval by Inseego's stockholders.

(c) If permitted by Section 409A of the Code, in case of termination of employment by reason of death, disability or normal or early retirement, or in the case of unforeseeable emergency or other special circumstances, of a Participant who holds an Option Right or Appreciation Right not immediately exercisable in full, or any Restricted Stock or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Annual Incentive Awards, Performance Shares or Performance Units which have not been fully earned, or any Other Awards subject to any vesting schedule or transfer restriction, or who holds Shares subject to any transfer restriction imposed pursuant to Section 10(b) of the Plan, the Board may, in its sole discretion, accelerate the time at which such Option Right, Appreciation Right or Other Award may be exercised or the time when such Restriction Period will end or the time at which such Annual Incentive Awards, Performance Shares or Performance Units will be deemed to have been fully earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such Award.

(d) Subject to Section 16(d) of the Plan, the Board may amend the terms of any Award theretofore granted under the Plan prospectively or retroactively, but subject to Section 11 of the Plan, no such amendment shall impair the rights of any Participant without his or her consent, except as necessary to comply with changes in law or accounting rules applicable to Inseego. The Board may, in its discretion, terminate the Plan at any time.

Termination of the Plan will not affect the rights of Participants or their successors under any Awards outstanding hereunder on the date of termination.

16. Compliance with the Code.

(a) To the extent applicable, it is intended that the Plan and any grants made hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A of the Code do not apply to the Participants. The Plan and any grants made hereunder shall be administered in a manner consistent with this intent. Any reference in the Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under the Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under the Plan and grants hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its Affiliates.

(c) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant shall be a specified employee (within the meaning of Section 409A of the Code and using the identification

methodology selected by Inseego from time to time) and (ii) Inseego shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then Inseego shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest, on the tenth business day of the month after such six-month period.

(d) Notwithstanding any provision of the Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of the Code, Inseego reserves the right to make amendments to the Plan and grants hereunder as Inseego deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code, or adverse tax consequences under another Code provision, without Participant consent. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with the Plan and grants hereunder (including any taxes, penalties, and interest under Section 409A of the Code or another Code provision), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold a Participant nor anyone other than a Participant, including a Participant's estate or beneficiaries, harmless from any or all of such taxes or penalties.

17. **Governing Law.** The Plan and all grants and Awards and actions taken thereunder shall be governed by and construed in accordance with the internal substantive laws of the State of Delaware, without regard to principles of conflicts of laws.

18. **Effective Date/Termination.** The Plan originally became effective as of June 18, 2009. This amendment and restatement was adopted by the Board on May 11, 2018 and became effective as of July 13, 2018. No grant will be made under the Plan more than 10 years after May 11, 2018, but all grants made on or prior to such date will continue in effect thereafter subject to the terms of the Evidence of Award conveying such grants and of the Plan.

19. **Miscellaneous.**

(a) Each grant of an Award will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with the Plan, as the Board may approve.

(b) Inseego will not be required to issue any fractional Shares pursuant to the Plan. The Board may provide for the elimination of fractional Shares or for the settlement of fractional Shares in cash.

(c) The Plan will not confer upon any Participant any right with respect to continuance of employment or other service with Inseego or any Subsidiary or Affiliate, nor will it interfere in any way with any right Inseego or any Subsidiary or Affiliate would otherwise have to terminate such Participant's employment or other service at any time.

(d) No person shall have any claim to be granted any Award under the Plan. Without limiting the generality of the foregoing, the fact that a target Award is established for the job value or level for an Employee shall not entitle any Employee to an Award hereunder. Except as provided specifically herein, a Participant or a transferee of an Award shall have no rights as a stockholder with respect to any Shares covered by any Award until the date as of which he or she is actually recorded as the holder of such Shares upon the stock records of the Company.

(e) Determinations by the Board or the Committee under the Plan relating to the form, amount and terms and conditions of grants and Awards need not be uniform, and may be made selectively among persons who receive or are eligible to receive grants and Awards under the Plan, whether or not such persons are similarly situated.

(f) To the extent that any provision of the Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option Right. Such provision, however, will remain in effect for other Option Rights and there will be no further effect on any provision of the Plan.

(g) No Award under the Plan may be exercised by the holder thereof if such exercise, and the receipt of cash or stock thereunder, would be, in the opinion of counsel selected by the Board, contrary to law or the regulations of any duly constituted authority having jurisdiction over the Plan.

(h) Absence or leave approved by a duly constituted officer of Inseego or any of its Subsidiaries shall not be considered interruption or termination of service of any Employee for any purposes of the Plan or Awards granted hereunder.

(i) The Board may condition the grant of any Award or combination of Awards authorized under the Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by Inseego or a Subsidiary to the Participant.

(j) If any provision of the Plan is or becomes invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Board, such provision shall be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Board, it shall be stricken and the remainder of the Plan shall remain in full force and effect.

(k) Any Evidence of Award may: (i) provide for recoupment by the Company of all or any portion of an Award upon such terms and conditions as the Board or Committee may specify in such Evidence of Award; or (ii) include restrictive covenants, including, without limitation, non-competition, non-disparagement and confidentiality conditions or restrictions, that the Participant must comply with during employment by or service to the Company and/or within a specified period after termination as a condition to the Participant's receipt or retention of all or any portion of an Award. This Section 19(k) shall not be the Company's exclusive remedy with respect to such matters. This Section 19(k) shall not apply after a Change in Control, unless otherwise specifically provided in the Evidence of Award.



ANNUAL REPORT ON FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2018

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-K

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

For fiscal year ended December 31, 2018

OR

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

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

INSEGO CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction
of Incorporation or Organization)

**12600 Deerfield Parkway, Suite 100
Alpharetta, Georgia**

(Address of Principal Executive Offices)

81-3377646

(I.R.S. Employer
Identification No.)

30004

(Zip Code)

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

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	The Nasdaq Global Select Market
Preferred Stock Purchase Rights	The Nasdaq Global Select Market

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

None

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

The aggregate market value of the voting common stock held by non-affiliates of the registrant, based on the closing price of the registrant's common stock on June 29, 2018, as reported by The Nasdaq Global Select Market, was approximately \$96.5 million. For the purposes of this calculation, shares owned by officers and directors (and their affiliates) have been excluded. This exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant. The registrant does not have any non-voting stock issued or outstanding.

The number of shares of the registrant's common stock outstanding as of February 28, 2019 was 74,284,287.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2019 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A are incorporated by reference into Part III of this Form 10-K to the extent stated herein.

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Forward-Looking Statements

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

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

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

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this and other reports we file with the Securities and Exchange Commission (the “SEC”), including the information in “Item 1A. Risk Factors” in Part I of this report. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Unless the context requires otherwise, in this Annual Report on Form 10-K the terms “we,” “us,” “our,” the “Company” and “Inseego” refer to Inseego Corp., a Delaware corporation, and its wholly owned subsidiaries.

Trademarks

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

PART I

Item 1. *Business*

Insego Corp. is a Delaware corporation formed in 2016 as the successor to Novatel Wireless, Inc., a Delaware corporation formed in 1996 (“Novatel Wireless”), resulting from an internal reorganization that was completed in November 2016. Our principal executive office is located at 12600 Deerfield Parkway, Suite 100, Alpharetta, GA 30004, our corporate offices are located at 9605 Scranton Road, Suite 300, San Diego, CA 92121 and our sales and engineering offices are located throughout the world. Insego’s common stock trades on The NASDAQ Global Select Market under the trading symbol “INSG”.

Overview

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

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

Industry Trends

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

Looking forward, Insego is working with leading companies in the mobile ecosystem to further develop, commercialize and accelerate the availability of 5G NR based solutions, which represents the next generation of mobile technology. 5G has been coined “the 4th industrial revolution” due to the richness of use cases targeted, and refers to 5G NR, which is the standard adopted by 3GPP, an international consortium responsible for the development of mobile standards. 5G has been designed to support faster data rates, lower network latency and wider bandwidths of spectrum. Incorporating many of the innovations developed for 4G LTE, 5G is also expected to be scalable and adaptable across a variety of use cases, which include, among others, empowering new industries and services, such as autonomous vehicles and industrial applications, through ultra-reliable, ultra-low latency communication links and connecting a significant number of IoT service and devices, including devices for connected home and smart cities, with connectivity designed to meet ultra-low power, complexity and cost requirements. 5G is also expected to enhance mobile broadband services, including ultra-high definition (4K HD) video streaming and augmented and virtual reality, with multi-gigabit speeds.

The widespread adoption of IoT in enterprise applications, including within the manufacturing, agriculture, industrial automation, retail and healthcare industries, among others, along with an increasing dependence on smartphones and always-connected computers, the constraints of 4G LTE technology are prompting mobile network operators to embark on an accelerated rollout of 5G communications to keep pace with expected network demands. As the fifth-generation wireless broadband technology, 5G is based on the IEEE 802.11ac standard. The key operating ranges for 5G spectrum globally are in the sub-6 GHz (below 6 GHz), 28 GHz and 39 GHz bands and with speed offerings up to 1Gb per second and millisecond latency, providing better coverage and signaling efficiency. Networks utilizing 5G technology are expected to launch meaningfully in 2019.

Growing demand for high speed data, ever increasing demand for machine-to-machine communications and low latency requirements for new applications are the key factors contributing to the growth of the 5G. 4G LTE will continue to operate alongside 5G as a major part of the mobile ecosystem. According to GSMA’s Intelligence report on *The 5G era in the US*, “4G and 5G networks will coexist and remain complementary for many years; as such, operators can service a significant share of the data traffic on 4G networks, leaving 5G with the dual remit of absorbing overflow capacity and underpinning consumer and

enterprise services that require higher speeds and/or lower latency.” As such, most 5G devices are expected to include multimode support for 3G, 4G and Wi-Fi, enabling service continuity where 5G has yet to be deployed and simultaneous connectivity across 4G and Wi-Fi technologies, while also allowing mobile operators to utilize current network deployments. At the same time, 4G is expected to continue to evolve in parallel with the development of 5G and become fundamental to many of the key 5G technologies, such as support for unlicensed spectrum, gigabit LTE user data rates (currently available from Inseego) and cellular IoT with connectivity designed to meet the needs of ultra-low power and low cost applications. The first phase of 5G networks are expected to support mobile broadband services in lower spectrum below 6 GHz (sub-6 GHz) bands, as well as higher millimeter wave (“mmWave”) bands.

Analyst firm CCS Insights (“CCS”) recently increased its predictions for the size of the global 5G market, based on the fact that numerous operators around the world were bringing services to market more quickly than they had originally indicated. CCS estimates that global 5G connections will hit 340 million in 2021 and pass the one billion mark in the first half of 2023. By 2025, the firm says 5G connections will number 2.7 billion, or more than one out of every five connections in the world. GSMA Intelligence anticipates that the U.S. will have “one of the fastest customer migrations to 5G in the world,” with 5G mobile connections reaching 100 million in early 2023 and more than 190 million by 2025.

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

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

Our IoT solutions enable applications for various vertical markets, such as fleet and asset tracking and telematics, smart city applications to improve public safety, traffic management and energy management. Our telematics business offers a full array of solutions to businesses that combine location-based software, fleet and asset management services and data intelligence. We enable our customers to track, safeguard and optimize their most prized assets: people, vehicles, equipment and data. Inseego telematics, sold under the Ctrack brand, is a top commercial telematics provider globally. We serve both the enterprise and small and medium-sized business market segments with advanced solutions and scale in distribution, research and development, and customer support. Additionally, we are making significant strides penetrating the underserved and burgeoning aviation vertical.

Our Strategy

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

The key elements of our strategy are to:

- *Capitalize on our direct relationships with wireless operators, original equipment manufacturers (“OEMs”) and component suppliers.* We intend to continue to capitalize on our direct and long-standing relationships with wireless operators, OEMs and component suppliers in order to strengthen our worldwide market position, using these long standing relationships to springboard both the expansion of the 4G and 4G LTE platforms globally, and influence the adoption of our 5G NR products around the world.
- *Expand our IoT solutions portfolio by leveraging our core mobile technologies and platforms developed for our mobile portfolio.* We intend to expand our IoT solutions portfolio with end-to-end solutions that include edge devices based on the latest mobile technologies and cloud solutions.
- *Aggressively expand our go-to-market offerings through sales and marketing expansion, channel development and strategic partnerships.* We intend to expand our go-to-market IoT, mobile and cloud offerings in North America as well as in international markets.

- *Improve SaaS solution penetration.* Through our Ctrack telematics and asset tracking platform and subscription management solutions, we provide customers around the world with actionable insights and workflow efficiencies with high security from our cutting-edge cloud platforms. We will continue to expand these solutions into new markets such as the aviation vertical.
- *Increase the value of our offerings.* As we seek to capitalize on potential growth opportunities, we continue to develop cutting edge IoT, mobile and cloud solutions, with specific focus on end-to-end solutions that enable the best IoT and mobile experience for our customers. For instance, in the Ctrack cloud aviation solution, we allow Ground Support Equipment providers to achieve maximum utilization levels, maximum efficiency gains, and eliminate downtime for business-critical ground support equipment. In addition, our complete portfolio of advanced 4G solutions in conjunction with our new 5G solution portfolio opens us up to larger worldwide potential markets. Finally, continued investment within both edge devices and cloud platform solutions in predictive analytics, machine learning, and edge intelligence should expand our market opportunities.

Our Sources of Revenue

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

We provide intelligent mobile 4G and 5G devices primarily to wireless operators either directly or through strategic relationships. Our MiFi customer base is comprised of wireless operators, including Verizon Wireless in the United States, Rogers in Canada and Telstra in Australia, as well as distributors and various companies in other vertical markets and geographies.

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

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

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

For the years ended December 31, 2018 and 2017, the Company’s total net revenues were \$202.5 million and \$219.3 million, respectively.

Our Business

IoT and Mobile Business

Our IoT business focuses on addressing applications for a variety of markets including large enterprise verticals and industrial IoT markets. These applications include, among others, smart city infrastructure management, remote monitoring and control, SD WAN failover and enterprise connectivity. Our Skyus-branded wireless gateways, routers and modems serve as connectivity solutions for the rapidly growing and underpenetrated IoT market segments. Worldwide IoT spending is expected to increase at a 14% compound annual growth rate, surpassing \$1 trillion in 2020 (International Data Corporation, 2017). With many enterprise customers using our solutions, we believe that we already have a solid footing in this market. We are continuing to invest and grow this portfolio to realize the opportunities in the growing IoT market.

Our mobile business has been driving advanced mobile technologies for a multitude of consumer and enterprise applications for over 20 years. Our product portfolio consists of intelligent mobile broadband solutions, HD quality VoLTE products, residential 4G gateways and an advanced 5G portfolio of products (currently in various stages of development). Our mobile broadband solutions, sold under the MiFi and MiFi^{iQ} brands, are actively used by millions of customers annually to provide subscribers with secure and convenient high-speed access to corporate, public and personal information through the Internet and enterprise networks. The introduction of 5G technology is rapidly expanding new enterprise and consumer market use cases and opportunities, including residential broadband gateways, industrial automation, massive machine connectivity and autonomous vehicles. We believe we are strategically well placed to realize the opportunity for 5G and we are focused on developing a comprehensive portfolio of 5G products for fixed and mobile wireless applications.

Telematics and Asset Tracking Business

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

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

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

Key market verticals supported by our telematics and asset tracking platforms include:

- Fleet Management
- Ground Aviation/Airport Asset Tracking
- Government and Municipality Asset Tracking
- Workforce Tracking (including driving behavior)
- Vehicle Tracking/Stolen Vehicle Recovery
- Advanced Data Analytics and Lifecycle Asset Management
- Insurance Telematics

Sales and Marketing

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

Competition

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

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

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

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

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

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

Research and Development

Our research and development efforts are focused on developing innovative mobile devices, including IoT and advanced gateway solutions in both the 4G LTE and 5G markets, and telematics solutions and services, while improving the functionality, design and performance of our current products and solutions. Our research and development expenses for the years ended December 31, 2018 and 2017 were approximately \$20.6 million and \$21.4 million, respectively.

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

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

Intellectual Property

Our solutions rely on and benefit from our portfolio of intellectual property, including patents and trademarks. We currently own 74 United States patents and 26 foreign patents. In addition, we currently have 18 patent applications pending. The patents that we currently own expire at various times between 2020 and 2035.

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

Key Partners and Customers

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

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

Our telematics customer base is comprised of wireless operators, distributors, OEMs and various companies in other vertical markets. Fleet management customers include global enterprises such as BHP Billiton, Super Group, Mammoet and Australia Post. Airport asset tracking customers include KLM Equipment Services and Hanover Airport, amongst others.

Our customers for our business connectivity products include EnerNOC, Thermo Fisher Scientific, US Army, Fastenal, T-Mobile, Sprint and Verizon Wireless, amongst others. Our customers for our device management solutions include T-Mobile and Sprint.

A significant portion of our revenue during the year ended December 31, 2018 came from one customer, Verizon Wireless, which represented approximately 49% of our total revenues for the year ended December 31, 2018. It is our intention to diversify our customer base.

Manufacturing and Operations

The hardware used in our solutions is produced by contract manufacturers. Our current contract manufacturers include Hon Hai Precision Industry Co., Ltd. (“Foxconn”) and AsiaTelco Technologies Co. In the fourth quarter of 2018, we transitioned to using Foxconn as our primary contract manufacturer for reasons of capacity, quality assurance and to complete the move of the manufacturing of our U.S. market-bound products outside of mainland China. Under our manufacturing agreements, such contract manufacturers provide us with services including component procurement, product manufacturing, final assembly, testing, quality control and fulfillment. These contract manufacturers are located in Asia and are able to produce our products using modern state-of-the-art equipment and facilities with relatively low-cost labor.

We outsource our higher volume manufacturing in an effort to:

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

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

Employees

At December 31, 2018, we had 819 employees. We also use the services of consultants and temporary workers from time to time. With the exception of a small number of our employees in South Africa, our employees are not represented by any collective bargaining unit and we consider our relationship with our employees to be good.

Website Access to SEC Filings

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

Item 1A. Risk Factors

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

GENERAL RISK FACTORS RELATING TO OUR BUSINESS

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

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

- our ability to attract new customers and retain existing customers;
- our ability to accurately forecast revenue and appropriately plan our expenses;
- our ability to accurately predict changes in customer demand due to matters beyond our control;
- our ability to introduce new features, including integration of our existing solutions with third-party software and devices;
- the actions of our competitors, including consolidation within the industry, pricing changes or the introduction of new services;
- our ability to effectively manage our growth;
- our ability to attract and retain key employees;
- our ability to successfully manage and realize the anticipated benefits of any future acquisitions of businesses, solutions or technologies;
- our ability to successfully launch new services or solutions or sell existing services or solutions into additional geographies or vertical markets;
- the timing and cost of developing or acquiring technologies, services or businesses;
- the timing, operating costs, and capital expenditures related to the operation, maintenance and expansion of our business;
- service outages or security breaches and any related occurrences which could impact our reputation;
- the impact of worldwide economic, industry, and market conditions, including disruptions in financial markets and the deterioration of the underlying economic conditions in some countries, and those conditions specific to Internet usage and online businesses;
- fluctuations in currency exchange rates, particularly the South African Rand to U.S. Dollar exchange rate;
- trade protection measures (such as tariffs and duties) and import or export licensing requirements;
- costs associated with defending intellectual property infringement and other claims;
- changes in law and regulations affecting our business; and
- provision of fleet management solutions or asset management solutions from cellular carrier-controlled or OEM-controlled channels from which Inseego may be excluded.

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

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

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

A failure to successfully integrate the information systems of our acquired companies could adversely affect our business and operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We rely on a combination of patent laws, trademark laws, copyright laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property and proprietary rights. However, our issued patents and any future patents that may issue may not survive a legal challenge to their scope, validity or enforceability, or provide significant protection for us. The failure of our patents to adequately protect our technology might make it easier for our competitors to

offer similar products or technologies. In addition, patents may not issue from any of our current or any future applications and significant portions of our intellectual property are held in the form of trade secrets which are not protected by patents.

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

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

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

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

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

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

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

Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness, including the term loan (the "Term Loan") under our Credit Agreement (as defined below), the 5.50% convertible senior notes due 2020 (the "Novatel Wireless Notes") and the 5.50% convertible senior notes due 2022 (the "Inseego Notes" and collectively with the Novatel Wireless Notes, the "Convertible Notes"), depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and other fixed charges, fund working capital needs and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, refinancing or restructuring debt or obtaining additional equity capital on terms that may be onerous or dilutive. Our ability to refinance or restructure our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on favorable terms, which could result in a default on our debt obligations.

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

If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments, or if we fail to comply with the various requirements of our existing indebtedness or any other indebtedness which we may incur in the future, we would be in default, which could permit the holders of our indebtedness, including the Term Loan and the

Convertible Notes, to accelerate the maturity of such indebtedness. Any default under such indebtedness could have a material adverse effect on our business, results of operations and financial condition.

Despite our current consolidated debt levels, we may incur additional debt in compliance with our existing obligations.

Despite our current consolidated debt levels, we and our subsidiaries may be able to incur additional debt in the future, including secured debt. The Inseego Notes are governed by the terms of an indenture, dated January 9, 2017 (the “Inseego Indenture”), between the Company, as issuer, and Wilmington Trust, National Association, as trustee, which contains covenants that are effective until June 15, 2020 limiting our and our subsidiaries’ ability to incur additional secured indebtedness in the future, but it will not completely prohibit the incurrence of such secured debt. Although the terms of the Inseego Indenture contain restrictions on the incurrence of additional indebtedness, those restrictions are subject to a number of significant qualifications and exceptions and the amount of capital indebtedness that could be incurred in connection with those exceptions could be substantial.

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

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

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

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

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

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

If our reorganization and restructuring activities fail to achieve targeted cost and expense reductions our business and financial performance may be adversely affected.

In June 2017, we announced a restructuring plan aimed at reducing our cost of revenues and operating expenses. This restructuring plan was designed to improve our strategic focus on our most profitable business lines and consolidate operations of certain of our subsidiaries with those of the Company, including reductions-in-force, further reorganization of executive level management and the consolidation of certain of our facilities. While our focus on controlling and reducing costs is ongoing, we face a variety of risks and uncertainties relating to the effectiveness of such activities. Any delays in the implementation of our restructuring plan or unforeseen expenses related to such activities could have a material adverse effect

on our business, results of operations and financial condition. Additionally, as we expand our product portfolio, and expand into new and geographically dispersed service providers, we will incur additional costs associated with go to market, product development and carrier certification activities.

The reorganization and restructuring announced in June 2017 may not yield the expected results, or may result in additional expenditures.

The reorganization and restructuring announced in June 2017 may fail to reduce the Company's expenditure rate to the correct level. In addition, we may incur additional expenditures or other adverse effects as a result of the reorganization and restructuring which may:

- require us to further reduce our expenditure rate, which may impact planned research and development activities or other operating expenses;
- make it difficult to retain key personnel; and
- prevent us from growing sales/revenue with existing customers or adding new customers.

Our ability to transition to more profitable operations is dependent upon the Company achieving a level of revenue adequate to support our evolving cost structure. If events or circumstances occur such that we do not meet our operating plan as expected, or if we become obligated to pay unforeseen expenditures as a result of our reorganization and restructuring activities, we may never achieve our intended business objectives, which could have a material adverse effect on our business, results of operations and financial condition.

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

Over the last two years, we have experienced significant turnover and additions to our senior management. While we expect to engage in an orderly transition process as we integrate newly appointed officers and managers, we face a variety of risks and uncertainties relating to the lack of management continuity, including diversion of management attention from business concerns, failure to retain other key personnel or inability to hire new key personnel. These risks and uncertainties could result in operational and administrative inefficiencies and added costs, which could adversely impact our results of operations, stock price and customer relationships.

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

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

RISKS RELATED TO CORPORATE DEVELOPMENT ACTIVITIES

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATED TO COMPETITION

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

The market for the products and services that we offer is rapidly evolving and highly competitive. We expect competition to continue to increase and intensify, especially in the 5G market. Many of our competitors or potential competitors have significantly greater financial, technical, operational and marketing resources than we do. These competitors, for example, may be able to respond more rapidly or more effectively than we can to new or emerging technologies, changes in customer

requirements, supplier-related developments, or a shift in the business landscape. They also may devote greater or more effective resources than we do to the development, manufacture, promotion, sale, and post-sale support of their respective products and services.

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

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

- fleet management SaaS and services providers, such as Fleetmatics, Masternaut, TomTom, Telogis, MiX Telematics and Cartrack;
- mobile hotspots providers, such as Netgear and Franklin Wireless;
- IoT solution providers, such as Cradlepoint and Sierra Wireless; and
- customer experience software solutions and services providers, such as Amdocs.

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

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

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

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

Some of our competitors have made or may make acquisitions or may enter into partnerships or other strategic relationships to offer more comprehensive services than they individually had offered or achieve greater economies of scale. In addition, new entrants not currently considered to be competitors may enter our market through acquisitions, partnerships or

strategic relationships. We expect these trends to continue as companies attempt to strengthen or maintain their market positions. Many of the potential entrants may have competitive advantages over us, such as greater name recognition, longer operating histories, more varied services and larger marketing budgets, as well as greater financial, technical and other resources. These pressures could result in a substantial loss of our customers, a reduction in our revenue or increased costs as we seek ways to become more competitive.

RISKS RELATED TO OUR CUSTOMERS AND DEMAND FOR OUR SOLUTIONS

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

All of the markets in which we operate are characterized by rapid technological change, frequent introductions of new products, services and solutions and evolving customer demands. In addition, we are affected by changes in the many industries related to the products or services we offer, including the aviation, automotive, telematics, wireless telemetry, GPS navigation device and work flow software industries. As the technologies used in each of these industries evolves, we will face new integration and competition challenges. For example, as automobile manufacturers evolve in-vehicle technology, GPS tracking devices may become standard equipment in new vehicles and compete against some segments of our telematics or asset tracking service offerings. If we are unable to adapt to rapid technological change, it could adversely affect our results of operations and our ability to remain competitive.

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

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

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

As a result of the significant revenues associated with our MiFi Business, sales to Verizon Wireless accounted for 49% and 51% of our consolidated net revenues for the years ended December 31, 2018 and 2017, respectively. While we have accelerated our engagements with prospective new MiFi customers and continue to focus on growing revenue in other parts of our business, we expect that Verizon Wireless will continue to account for a substantial portion of our net revenues, and any impairment of our relationship with Verizon Wireless would adversely affect our business. Additionally, any change in the forecasted or actual product sell-through of Verizon Wireless could have a detrimental impact on our revenue, bottom line and cash position.

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

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

A part of our growth strategy is to sell additional new features and solutions to our existing customers. Our ability to sell new features to customers will depend in significant part on our ability to anticipate industry evolution, practices and standards and to continue to enhance existing solutions or introduce or acquire new solutions on a timely basis to keep pace with technological developments both within our industry and in related industries, and to remain compliant with any regulations mandated by federal agencies or state-mandated or foreign government regulations as they pertain to our customers. However, we may prove unsuccessful either in developing new features or in expanding the third-party software and products with which our solutions integrate. In addition, the success of any enhancement or new feature depends on several factors, including the timely completion, introduction and market acceptance of the enhancement or feature. Any new solutions we develop or

acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of our competitors implement new technologies before we are able to implement them or better anticipate the innovation and integration opportunities in related industries, those competitors may be able to provide more effective or cheaper solutions than ours.

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATED TO DEVELOPING, MANUFACTURING AND DELIVERING OUR SOLUTIONS

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

We currently outsource the manufacturing of many of our products to companies including Foxconn and AsiaTelco Technologies Co. In addition, in 2016 we sold portions of our IoT modules business to Telit Wireless Solutions, Inc. (“Telit”), and we now rely on Telit to supply us with modules that are critical to the functionality of some of our telematics hardware devices, including devices sold or deployed by Ctrack. If one of these third-party manufacturers were to experience delays, disruptions, capacity constraints or quality control problems in its manufacturing operations, product shipments to our customers could be delayed or rejected or our customers could consequently elect to change product demand or cancel the underlying subscription or service. These disruptions would negatively impact our revenues, competitive position and reputation. Further, if we are unable to manage successfully our relationship with a manufacturer, the quality and availability of products used in our services and solutions may be harmed. None of our third-party manufacturers is obligated to supply us with a specific quantity of products, except as may be provided in a particular purchase order that we have submitted to, and that has been accepted by, such third-party manufacturer. Our third-party manufacturers could, under some circumstances, decline to accept new purchase orders from us or otherwise reduce their business with us. If a manufacturer stopped manufacturing our products for any reason or reduced manufacturing capacity, we may be unable to replace the lost manufacturing capacity on a timely and comparatively cost effective basis, which would adversely impact our operations. In addition, we generally do not enter into long-term contracts with our manufacturers. As a result, we are subject to price increases due to availability, and subsequent price volatility, in the marketplace of the components and materials needed to manufacture our products. If a third-party manufacturer were to negatively change the product pricing and other terms under which it agrees to manufacture for us and we were unable to locate a suitable alternative manufacturer, our manufacturing costs could increase.

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

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

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

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

We have moved and are in the process of moving some production from a contract manufacturer located in mainland China to other contract manufacturers operating in other countries, some of whom we have not contracted with in the past. If our new contract manufacturers are not able to produce our products in the quantities needed prior to the agreed upon delivery

dates, or are not able to produce our products in conformity with our quality standards, product shipments to our customers could be delayed or rejected. As a result, our customers may elect to cancel orders or place fewer orders in the future. Such delays, rejections, cancellation or reductions in orders would negatively impact our revenues, competitive position and reputation. Further, if we are unable to successfully manage our relationship with a contract manufacturer, the quality and availability of our products may be harmed.

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

Our services use hardware and software from various third parties, some of which are procured from single suppliers. For example, some of our vehicle tracking and fleet management solutions rely on telecommunications modules procured from Telit and our MiFi mobile hotspots rely substantially on chipsets from Qualcomm. From time to time, certain components used in our products or solutions have been in short supply or their anticipated commercial introduction has been delayed or their availability has been interrupted for reasons outside our control. If there is a shortage or interruption in the availability to us of any such components or products and we cannot timely obtain a commercially and technologically suitable substitute or make sufficient and timely design or other modifications to permit the use of such a substitute component or product, we may not be able to timely deliver sufficient quantities of our products or solutions to satisfy our contractual obligations and may not be able to meet particular revenue expectations. Moreover, even if we timely locate a substitute part or product, but its price materially exceeds the original cost of the component or product, then our results of operations could be adversely affected.

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

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

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

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

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

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

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

Although we warrant that our software will be free of defects for various periods of time, our software platform and its underlying infrastructure are inherently complex and may contain material defects or errors. We must update our solutions quickly to keep pace with the rapidly changing market and the third-party software and devices with which our solutions

integrate. We have from time to time found defects in our software and may discover additional defects in the future, particularly as we continue to migrate our product offerings to new platforms or use new devices in connection with our services and solutions. We may not be able to detect and correct defects or errors before customers begin to use our platform or its applications. Consequently, our solutions could contain undetected errors or defects, especially when first introduced or when new versions are released or when new hardware or software is integrated into our solutions. We implement bug fixes and upgrades as part of our regular system maintenance, which may lead to system downtime. Even if we are able to implement the bug fixes and upgrades in a timely manner, any history of defects or inaccuracies in the performance of our software for our customers could result in damage to our reputation or harm to our operating results.

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

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

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

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

Our brand, reputation, and ability to attract, retain, and serve our customers are dependent upon the reliable performance of our services and our customers' ability to access our solutions at all times. Our customers rely on our solutions to make operating decisions related to their businesses, as well as to measure, store and analyze valuable data regarding their businesses. Our solutions are vulnerable to interruption and our data centers are vulnerable to damage or interruption from human error, intentional bad acts, computer viruses or hackers, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures, and similar events, any of which could limit our customers' ability to access our solutions. Prolonged delays or unforeseen difficulties in connection with adding capacity or upgrading our network architecture may cause our service quality to suffer. Any event that significantly disrupts our service or exposes our data to misuse could damage our reputation and harm our business and operating results, including reducing our revenue, causing us to issue credits to customers, subjecting us to potential liability, harming our churn rates, or increasing our cost of acquiring new customers.

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

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

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

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

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

If a security breach occurs, our reputation, business, results of operations and financial condition could be harmed. We may also be subject to costly notification and remediation requirements if we, or a third party, determines that we have been the subject of a data breach involving personal information of individuals. Though it is difficult to determine what harm may directly result from any specific interruption or security breach, any failure or perceived failure to maintain performance, reliability, security and availability of systems or the actual or potential theft, loss, fraudulent use or misuse of our products or the personally identifiable data of a customer or employee, could result in harm to our reputation or brand, which could lead some customers to seek to stop using certain of our services, reduce or delay future purchases of our services, use competing services, or materially and adversely affect the overall market perception of the security and reliability of our services.

RISKS RELATED TO INTERNATIONAL OPERATIONS

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

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

- difficulty managing sales, product development and logistics and support across continents;
- limitations on ownership or participation in local enterprises;
- lack of familiarity with, and unexpected changes in, foreign laws, regulations and legal standards, including employment laws, product liability laws, privacy laws and environmental laws, which may vary widely across the countries in which we operate;
- increased expense to comply with U.S. laws that apply to foreign operations, including the U.S. Foreign Corrupt Practices Act (the “FCPA”) and Office of Foreign Assets Control regulations;
- compliance with, and potentially adverse tax consequences of, foreign tax regimes;
- fluctuations in currency exchange rates, currency exchange controls, price controls and limitations on repatriation of earnings;
- transportation delays and interruptions;
- local labor laws;
- local economic conditions;
- political, social and economic instability and disruptions;
- acts of terrorism and other security concerns;
- government embargoes or foreign trade restrictions such as tariffs, duties, taxes or other controls;
- import and export controls;
- increased product development costs due to differences among countries’ safety regulations and radio frequency allocation schemes and standards;
- longer warranty terms and broader product warranty requirements;
- increased expense related to localization of products and development of foreign language marketing and sales materials;
- longer sales cycles;

- longer accounts receivable payment cycles and difficulty in collecting accounts receivable in foreign countries;
- increased financial accounting and reporting burdens and complexities;
- workforce reorganizations in various locations;
- restrictive employment regulations;
- difficulties in staffing and managing multi-national operations;
- difficulties and increased expense in implementing corporate policies and controls;
- international intellectual property laws, which may be more restrictive or offer lower levels of protection than U.S. law;
- compliance with differing and changing local laws and regulations in multiple international locations, including regional data privacy laws, as well as compliance with U.S. laws and regulations where applicable in these international locations; and
- limitations on our ability to enforce legal rights and remedies.

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

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

As a result of weak or deteriorating economic conditions globally, or in certain jurisdictions where we have significant foreign operations such as South Africa, we could experience lower demand for our products, which could adversely impact our results of operations. Additionally, there could be a number of related effects on our business resulting from weak economic conditions, including the insolvency of one or more of our suppliers resulting in product launch or product delivery delays, customer insolvencies resulting in that customer's inability to order products from us or pay for already delivered products, and reduced demand by the ultimate end-users of our products. Although we continue to monitor market conditions, we cannot predict future market conditions or their impact on demand for our products.

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

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

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

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

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

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

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

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

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

RISKS RELATED TO REGULATIONS, TAXATION AND ACCOUNTING MATTERS

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

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

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

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

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

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

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

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

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

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

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

Our products and solutions enable us to collect, manage and store a wide range of data related to vehicle tracking and fleet management such as vehicle location and fuel usage, speed and mileage. Some of the data we collect or use in our business is subject to data privacy laws, which are complex and increase our cost of doing business. The U.S. federal government and various state governments have adopted or proposed limitations on the collection, distribution and use of personal information. Many foreign jurisdictions, including the European Union and the United Kingdom, have adopted legislation (including directives or regulations) that increase or change the requirements governing data collection and storage in these jurisdictions. Ctrack markets its products in over 50 countries, and accordingly, we are subject to many different, and potentially conflicting, privacy laws. If our privacy or data security measures fail to comply, or are perceived to fail to comply, with current or future laws and regulations, we may be subject to litigation, regulatory investigations or other liabilities.

Moreover, if future laws and regulations limit our ability to use and share this data or our ability to store, process and share data with our clients over the Internet, demand for our solutions could decrease and our costs could increase. We might also have to limit the manner in which we collect information, the types of information that we collect, or the solutions we offer. Any of these could materially and adversely affect our business, results of operations and financial condition.

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

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

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

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

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

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

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

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

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

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

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

We have taken actions to mitigate the impact of such tariffs, however, there is no assurance that all such efforts will be successful. These actions include moving our contract manufacturing out of mainland China and working directly with U.S. Customs and Border Protection ("CBP") to address the harmonized tariff codes used for our products. The majority of the move out of mainland China has been completed, and we expect the balance to be completed by the end of the first quarter 2019. The inability to mitigate the impact of the recently enacted tariffs, including the inability to obtain favorable results from our efforts with CBP, or any similar future increases in tariffs would increase our costs, and our business, financial condition and results of operations could be adversely affected.

In some cases, the U.S. government's imposition of trade restrictions involving products sold by certain Chinese manufacturers has caused U.S. wireless carriers to divert business from international providers to the Company, and accordingly, the Company has invested resources in satisfying the needs of such customers. If the U.S. government were to remove or reduce such trade restrictions, it could cause such carriers to reduce their business with the Company and we may be unable to recoup or attain a return on such investments.

RISKS RELATED TO OWNING OUR SECURITIES

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

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

In addition, the stock market has from time to time experienced extreme price and volume fluctuations that were unrelated to the operating performance of particular companies. In the past, companies that have experienced volatility have

sometimes subsequently become the subject of securities class action litigation. If litigation were instituted on this basis, it could result in substantial costs and a diversion of management's attention and resources.

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

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

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

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

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

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

As of December 31, 2018, we had outstanding warrants to purchase 5,815,283 shares of our common stock. These warrants are generally only exercisable on a cash basis, but may be exercised on a cashless basis if and only if a registration statement relating to the issuance of the shares underlying the warrants is not then effective or an exemption from registration is not available for the resale of such shares. Any such net exercise will dilute the ownership interests of existing stockholders without any corresponding benefit to the Company of a cash payment for the exercise price of such warrant.

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

Prior to December 15, 2021, holders may convert their Inseego Notes only if certain conditions are met. On or after December 15, 2021, until close of business on the business day immediately preceding the maturity date, holders may convert their Inseego Notes at any time. The Inseego Notes are convertible into cash, shares of the Company's common stock, or a combination thereof, at the election of the Company, and are initially convertible into 22,313,830 shares of the Company's common stock, based on an initial conversion rate of 212.7660 shares of common stock per \$1,000 principal amount of Inseego Notes (which is equivalent to an initial conversion price of \$4.70 per share of common stock). The conversion rate is subject to adjustment if certain events occur, but in no event will the conversion rate exceed 387.5968 shares of common stock per \$1,000 principal amount of Inseego Notes (which is equivalent to a conversion price of \$2.58 per share of common stock). If we elect to settle conversions of the Inseego Notes with common stock, this may cause significant dilution to our existing stockholders. Any sales in the public market of the common stock issued upon such conversion could adversely affect prevailing market prices of our common stock. If we do not elect to settle conversion of the Inseego Notes solely with common stock, we would be required to settle a portion, or all, of our conversion obligation through the payment of cash, which could adversely affect our liquidity.

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

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

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

The investors (the “Investors”) who participated in our August 2018 private placement of 12,062,000 shares of common stock and warrants to purchase an additional 4,221,700 shares of common stock currently own approximately 37.8% of the outstanding shares of our common stock. Assuming the conversion of the Inseego Notes and exercise of the warrants also owned by the Investors and their affiliates, the Investors and their affiliates would own approximately 44.0% of the outstanding shares of our common stock. As a result, the Investors have the ability to significantly influence the outcome of any matter submitted for the vote of the holders of our common stock.

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

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

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Our principal executive office is located in Alpharetta, Georgia. Our corporate headquarter offices are located in San Diego, California where we lease approximately 21,000 square feet under an arrangement that expires in December 2019 and approximately 12,000 square feet under an arrangement that expires in June 2020. We also currently lease approximately 14,000 square feet in Eugene, Oregon under a lease arrangement that expires in January 2023, and own property in Centurion, South Africa with approximately 28,000 square feet. We further lease space in various geographic locations abroad primarily for sales and support personnel, for research and development, or for temporary facilities. We believe that our existing facilities are adequate to meet our current needs and that we can renew our existing leases or obtain alternative space on terms that would not have a material impact on our financial condition.

Item 3. *Legal Proceedings*

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

The disclosure in Note 11, *Commitments and Contingencies*, in the accompanying consolidated financial statements includes a discussion of our legal proceedings and is incorporated herein by reference.

Item 4. *Mine Safety Disclosures*

None.

PART II

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

Common Stock Data

Shares of our common stock are currently quoted and traded on The Nasdaq Global Select Market under the symbol "INSG" and, prior to November 9, 2016, were quoted on The Nasdaq Global Select Market under the symbol "MIFI".

Number of Stockholders of Record

Our outstanding capital stock consists of a single class of common stock. As of March 6, 2019, there were approximately 29 holders of record of our common stock. Because many of the shares of our common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Dividends

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

During the first quarter of 2018, our Board of Directors authorized and declared a dividend distribution of one preferred stock purchase right ("Right") under certain circumstances for each share of the Company's common stock authorized and outstanding on February 2, 2018. Each Right entitles the holder to purchase one one-thousandth of a share of Series D Preferred Stock, par value \$0.001 per share, at a purchase price of \$10.00, subject to adjustments. Prior to exercise, the Rights do not give their holders any rights as a stockholder, including any dividend, voting or liquidation rights.

Unregistered Sales of Equity Securities

None, except as previously disclosed in the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Item 6. Selected Financial Data

Not applicable.

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

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

Business Overview and Background

Insego Corp. is a Delaware corporation formed in 2016 as the successor to Novatel Wireless, Inc., a Delaware corporation formed in 1996, resulting from an internal reorganization that was completed in November 2016. Our principal executive office is located at 12600 Deerfield Parkway, Suite 100, Alpharetta, GA 30004, our corporate offices are located at 9605 Scranton Road, Suite 300, San Diego, CA 92121 and our sales and engineering offices are located throughout the world. Insego's common stock trades on the NASDAQ Global Select Market under the trading symbol "INSG".

Overview

Insego Corp. is a leader in the design and development of mobile (advanced 4G and 5G New Radio ("5G NR")), Internet of Things ("IoT") and cloud solutions for large enterprise verticals, service providers and small and medium-sized businesses around the globe. Our product portfolio consists of fixed and mobile device-to-cloud solutions that provide compelling,

intelligent, reliable and secure end-to-end IoT services with deep business intelligence. Inseego's products and solutions power mission critical applications with a "zero unscheduled downtime" mandate, such as 5G fixed wireless access gateway solutions, 4G and 5G mobile broadband, industrial IoT, SD WAN failover management, asset tracking and fleet management services. Our solutions are powered by our key innovations in purpose-built SaaS cloud platforms, IoT and mobile technologies, including a product suite meeting the 5G NR standards.

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

Business Segment Reporting

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

Factors Which May Influence Future Results of Operations

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

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

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

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

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

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

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

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

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

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

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

Results of Operations

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

	Year Ended December 31,	
	2018	2017
Net revenues:	(as a percent of net revenues)	
IoT & Mobile Solutions	66.9 %	69.7 %
Enterprise SaaS Solutions	33.1	30.3
Total net revenues	<u>100.0</u>	<u>100.0</u>
Cost of net revenues:		
IoT & Mobile Solutions	52.0	58.0
Enterprise SaaS Solutions	12.9	11.4
Impairment of abandoned product line, net of recoveries	0.2	(0.1)
Total cost of net revenues	<u>65.1</u>	<u>69.3</u>
Gross profit	<u>34.9</u>	<u>30.7</u>
Operating costs and expenses:		
Research and development	10.2	9.7
Sales and marketing	11.4	11.4
General and administrative	12.5	15.7
Amortization of purchased intangible assets	1.8	1.6
Extinguishment of acquisition-related liabilities	(8.5)	—
Restructuring charges, net of recoveries	0.6	2.3
Total operating costs and expenses	<u>27.9</u>	<u>40.8</u>
Operating income (loss)	6.9	(10.1)
Other income (expense):		
Interest expense, net	(10.1)	(8.8)
Other expense, net	(0.4)	(1.9)
Loss before income taxes	<u>(3.6)</u>	<u>(20.8)</u>
Income tax provision	0.4	0.1
Net loss	<u>(4.0)</u>	<u>(20.9)</u>
Less: Net loss attributable to noncontrolling interests	—	—
Net loss attributable to Inseego Corp.	<u>(4.0)%</u>	<u>(20.9)%</u>

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Net revenues. Net revenues for the year ended December 31, 2018 were \$202.5 million, a decrease of \$16.8 million, or 7.7%, compared to the same period in 2017.

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

Product Category	Year Ended December 31,		Change	
	2018	2017	\$	%
IoT & Mobile Solutions	\$ 135,349	\$ 152,851	\$ (17,502)	(11.5)%
Enterprise SaaS Solutions	67,114	66,446	668	1.0 %
Total	\$ 202,463	\$ 219,297	\$ (16,834)	(7.7)%

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

Enterprise SaaS Solutions. The increase in Enterprise SaaS Solutions net revenues is primarily a result of increased subscription revenues.

Cost of net revenues. Cost of net revenues for the year ended December 31, 2018 was \$131.9 million, or 65.1% of net revenues, compared to \$152.0 million, or 69.3% of net revenues, for the same period in 2017.

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

Product Category	Year Ended December 31,		Change	
	2018	2017	\$	%
IoT & Mobile Solutions	\$ 105,344	\$ 127,293	\$ (21,949)	(17.2)%
Enterprise SaaS Solutions	26,167	24,938	1,229	4.9 %
Impairment of abandoned product line, net of recoveries	355	(269)	624	(232.0)%
Total	\$ 131,866	\$ 151,962	\$ (20,096)	(13.2)%

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

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

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

Gross profit. Gross profit for the year ended December 31, 2018 was \$70.6 million, or a gross margin of 34.9%, compared to \$67.3 million, or a gross margin of 30.7%, for the same period in 2017. The increase in gross profit was primarily attributable to the improvement in gross margins as a result of changing contract manufacturers and increased higher-margin services revenue.

Research and development expenses. Research and development expenses for the year ended December 31, 2018 were \$20.6 million, or 10.2% of net revenues, compared to \$21.4 million, or 9.7% of net revenues, for the same period in 2017. The decrease was primarily a result of our cost containment initiatives, partially offset by an increase in test and certification expenses associated with the launch of new products.

Sales and marketing expenses. Sales and marketing expenses for the year ended December 31, 2018 were \$23.0 million, or 11.4% of net revenues, compared to \$25.0 million, or 11.4% of net revenues, for the same period in 2017. The decrease was primarily a result of our cost containment initiatives.

General and administrative expenses. General and administrative expenses for the year ended December 31, 2018 were \$25.3 million, or 12.5% of net revenues, compared to \$34.4 million, or 15.7% of net revenues, for the same period in 2017. The decrease was primarily a result of our cost containment initiatives, as well as a reduction in our legal expenses primarily resulting from certain legal activities that occurred in 2017 that did not reoccur in 2018.

Amortization of purchased intangible assets. The amortization of purchased intangible assets for the years ended December 31, 2018 and 2017 was \$3.6 million and \$3.6 million, respectively.

Extinguishment of acquisition-related liabilities. During the twelve months ended December 31, 2018, we recorded a gain of \$17.2 million related to the extinguishment of certain acquisition-related liabilities resulting from the Settlement Agreement, as defined below. We did not have an extinguishment of acquisition-related liabilities during the same period in 2017.

Restructuring charges, net of recoveries. Restructuring charges, net of recoveries, for the years ended December 31, 2018 and 2017 were \$1.2 million and \$5.2 million, respectively, and primarily consisted of severance costs incurred in connection with the reduction of our workforce and facility exit related costs.

Interest expense, net. Interest expense, net for the year ended December 31, 2018 was \$20.4 million, as compared to \$19.3 million for the same period in 2017. The increase in interest expense is primarily a result of the interest expense and amortization of the debt discount and debt issuance costs related to our Term Loan, as discussed below.

Other expense, net. Other expense, net, for the year ended December 31, 2018 was \$0.9 million, which primarily related to foreign currency transaction gains and losses, as compared to \$4.1 million for the same period in 2017, which primarily consisted of a loss on extinguishment of debt related to the repayment of the Prior Credit Agreement and repurchase of certain of our Inseego Notes, as well as the termination of the Revolver (as defined below).

Income tax provision. Income tax provision for the years ended December 31, 2018 and 2017 was \$0.8 million and \$0.2 million, respectively, which primarily related to certain of our profitable entities in foreign jurisdictions.

The effective tax rate for the year ended December 31, 2018 is different than the U.S. statutory rate primarily due to a valuation allowance recorded against additional tax assets generated during the year and certain profitable foreign subsidiaries.

Net loss attributable to noncontrolling interests. Net loss attributable to noncontrolling interests for the year ended December 31, 2018 was \$0.1 million, as compared to net loss attributable to noncontrolling interests of \$0.1 million for the same period in 2017.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash and cash equivalents and cash generated from operations. As of December 31, 2018, we had cash and cash equivalents of \$31.0 million compared with cash and cash equivalents of \$21.2 million as of December 31, 2017.

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

Previous Credit Agreements

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

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

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

Term Loan

On August 23, 2017, we, and certain of our direct and indirect subsidiaries (the "Guarantors"), entered into a credit agreement (the "Credit Agreement") with Cantor Fitzgerald Securities, as administrative agent and collateral agent, and certain funds managed by Highbridge Capital Management, LLC, as lenders (the "Lenders"). Pursuant to the Credit Agreement, the

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

The Term Loan is secured by a first priority lien on substantially all of the assets of the Company and the Guarantors, including equity interests in certain of our direct and indirect subsidiaries, in each case subject to certain customary exceptions and permitted liens. The Credit Agreement includes customary representations and warranties, a material adverse change clause, as well as customary reporting and financial covenants.

The Term Loan bears interest at a rate per annum equal to the three-month LIBOR, but in no event less than 1.00%, plus 7.625%. Interest on the Term Loan is payable on the last business day of each calendar month and on the Maturity Date. Principal on the Term Loan is payable on the Maturity Date.

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

Convertible Senior Notes

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

On January 9, 2017, in connection with the settlement of an exchange offer and consent solicitation with respect to the Novatel Wireless Notes, the Company issued approximately \$119.8 million aggregate principal amount of the 5.50% convertible senior notes due 2022 (the “Inseego Notes” and collectively with the Novatel Wireless Notes, the “Convertible Notes”). The Inseego Notes were issued in exchange for approximately \$119.8 million aggregate principal amount of outstanding Novatel Wireless Notes that were validly tendered and accepted for exchange and subsequently canceled. The Inseego Notes are governed by the terms of an indenture, dated January 9, 2017 (the “Inseego Indenture”), between the Company, as issuer, and Wilmington Trust, National Association, as trustee. The Inseego Notes are senior unsecured obligations of the Company and bear interest at a rate of 5.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2017. The Inseego Notes permit the Company to have a senior credit facility up to a maximum amount of \$48.0 million.

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

The Inseego Notes will mature on June 15, 2022, unless earlier converted, redeemed or repurchased. The Inseego Notes will be convertible into cash, shares of our common stock, or a combination thereof, at our election, at an initial conversion price of \$4.70 per share of our common stock.

Note Purchase Agreement

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

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

Inseego Notes	\$ 104,875
Novatel Wireless Notes	250
Total	<u>\$ 105,125</u>

Settlement Agreement

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

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

Rights Agreement

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

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

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

DigiCore Secured Banking Facility

DigiCore has a secured banking facility with Absa, which had a maximum borrowing capacity of \$1.0 million at December 31, 2018. The facility bears interest at the South Africa prime interest rate less 0.10% (10.15% at December 31, 2018) and is subject to renewal annually. At December 31, 2018, \$1.0 million remained outstanding under this facility.

DigiCore Secured Overdraft Facility

DigiCore has a secured overdraft facility with Grindrod Bank in South Africa, which had a maximum borrowing capacity of \$0.6 million at December 31, 2018. The facility bears interest at the South Africa prime interest rate plus 1.00% (11.25% at December 31, 2018), requires monthly interest and, in certain instances, minimum principal payments. The facility is subject to renewal annually. At December 31, 2018, \$0.4 million remained outstanding under this facility.

Historical Cash Flows

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

	Year Ended December 31,	
	2018	2017
Net cash used in operating activities	\$ (1,765)	\$ (14,576)
Net cash used in investing activities	(4,234)	(4,375)
Net cash provided by financing activities	17,667	30,366
Effect of exchange rates on cash, cash equivalents and restricted cash	(1,851)	(50)
Net increase in cash, cash equivalents and restricted cash	9,817	11,365
Cash, cash equivalents and restricted cash, beginning of period	21,259	9,894
Cash, cash equivalents and restricted cash, end of period	\$ 31,076	\$ 21,259

Operating activities. Net cash used in operating activities was \$1.8 million for the year ended December 31, 2018 compared to \$14.6 million for the same period in 2017. Net cash used in operating activities for the year ended December 31, 2018 was primarily attributable to the net losses incurred during the period, excluding the non-cash gain on extinguishment of acquisition-related liabilities 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, provision for excess and obsolete inventory and share-based compensation expense. Net cash used in operating activities for the year ended December 31, 2017 was primarily attributable to the net losses incurred during the period, partially offset by non-cash charges for depreciation and amortization, including the amortization of debt discount and debt issuance costs, loss on extinguishment of debt and share-based compensation expense.

Investing activities. Net cash used in investing activities during the year ended December 31, 2018 was \$4.2 million compared to \$4.4 million used in investing activities for the same period in 2017. Cash used in investing activities during the years ended December 31, 2018 and 2017 was primarily attributable to the purchases of property, plant and equipment and the capitalization of certain costs related to the development of software to be sold in our solutions.

Financing activities. Net cash provided by financing activities during the year ended December 31, 2018 was \$17.7 million, compared to net cash provided by financing activities of \$30.4 million for the same period in 2017. Net cash provided by financing activities during the year ended December 31, 2018 was primarily attributable to the net proceeds received from our Private Placement and proceeds received from stock option exercises and purchases made under the employee stock purchase plan, partially offset by net repayments of DigiCore bank and overdraft facilities, principal payments under capital lease obligations and the Term Loan and taxes paid on vested restricted stock units. Net cash provided by financing activities during the year ended December 31, 2017 was primarily attributable to the net proceeds from the Term Loan, partially offset by the repurchase of certain Inseego Notes and payment of issuance costs related to the Term Loan and Prior Credit Agreement.

Other Liquidity Needs

As of December 31, 2018, we had available cash and cash equivalents totaling \$31.0 million and working capital of \$30.7 million.

During the year ended December 31, 2018, we continued certain restructuring initiatives aimed at significantly reducing our cost of revenues and operating expenses in an effort to increase operating cash flows to eventually be sufficient to offset debt service costs and cash flows from investing activities. Our ability to transition to more profitable operations and generating positive cash flow is dependent upon achieving a level of revenue adequate to support our evolving cost structure. If events or circumstances occur such that we do not meet our operating plan as expected, we may be required to reduce planned research and development activities, incur additional restructuring charges or reduce other operating expenses which could have an adverse impact on our ability to achieve our intended business objectives. We believe that our cash and cash equivalents, together with anticipated cash flows from operations, will be sufficient to meet our working capital needs for the next twelve months following the filing date of this report.

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

We may decide to raise additional funds to accelerate development of new and existing services and products, to respond to competitive pressures or to acquire complementary products, businesses or technologies. There can be no assurance that any required or desired additional financing will be available on terms favorable to us, or at all. In addition, in order to obtain

additional borrowings, we must comply with certain requirements under the Credit Agreement. If additional funds are raised by the issuance of equity securities, our stockholders could experience dilution of their ownership interests and securities issued may have rights senior to those of the holders of our common stock. If additional funds are raised by the issuance of debt securities, we may be subject to certain limitations on our operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

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

Revenue Recognition

Sources of Revenue

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

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

Net revenues by product grouping for the year ended December 31, 2018 and 2017 were as follows (in thousands):

	Year Ended December 31,	
	2018	2017
IoT & Mobile Solutions	\$ 135,349	\$ 152,851
Enterprise SaaS Solutions	67,114	66,446
Total	\$ 202,463	\$ 219,297

Net revenues by geographic region based on shipping destination for the year ended December 31, 2018 and 2017 were as follows (in thousands):

	Year Ended December 31,	
	2018	2017
United States and Canada	\$ 139,246	\$ 156,661
South Africa	38,608	39,182
Other	24,609	23,454
Total	\$ 202,463	\$ 219,297

IoT & Mobile Solutions. The IoT & Mobile Solutions portfolio is comprised of end-to-end edge to cloud solutions including 4G LTE mobile broadband gateways, routers, modems, hotspots, VoLTE based wireless home phones and cloud management software. The solutions are offered under the MiFi brand for consumer and business markets, and under the Skyus brand for industrial IoT markets.

Enterprise SaaS Solutions. The Enterprise SaaS Solutions consist of various subscription offerings to gain access to the Company's Ctrack telematics platforms, which provide fleet vehicle, aviation ground vehicle and asset tracking and performance information, and other telematics applications, and Device Management Solutions.

Contracts with Customers

The Company adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* (as amended, “ASC 606”), effective January 1, 2018, using the modified retrospective method applied to those contracts which were not substantially completed as of January 1, 2018. ASC 606 provides guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate. The standard requires that an entity recognize revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues for 2018 are reported under ASC 606, while prior period amounts are not adjusted and continue to be reported under ASC 605, *Revenue Recognition*.

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

The Company determines revenue recognition through the following five steps:

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

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

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

Revenue Recognition

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

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

SaaS and Other Services. SaaS subscription revenue is recognized over time on a ratable basis over the contract term beginning on the date that its service is made available to the customer. Subscription periods range from monthly to multi-year, with the majority of contracts being one to three years. Telematics includes a device which collects and transmits the information from the vehicle or other asset. The Company’s customers have an option to purchase the monitoring device or lease it over the term of the contract. If the customer purchases the hardware device, the Company recognizes the revenue when the Company transfers control of the hardware device to the customer, as discussed above in the hardware revenue recognition disclosure. If the customer chooses to lease the monitoring device, the Company recognizes the revenue for the monitoring device over the term of the contract. The Company records such revenue in accordance with the ASC 840, *Leases*, as it has determined that they qualify as operating leases because ownership of the device does not transfer to the other party.

Maintenance and support services revenue. Periodically, the Company sells separately-priced warranty contracts that extend beyond the Company’s base warranty period. The separately priced service contracts range from 12 months to

36 months. The Company typically receives payment at the inception of the contract and recognizes revenue as earned on a straight-line basis over the term of the contract.

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

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

Multiple Performance Obligations

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

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

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

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

Contract Liabilities

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

Contract Assets

The Company capitalizes sales commissions earned by its sales force when they are considered to be incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized over a period of benefit. There were no significant amounts of assets recorded related to contract costs as of December 31, 2018.

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

Transition Disclosures

Adoption of the new standards related to revenue recognition did not have a material impact on the Company's consolidated financial statements for the year ended December 31, 2018.

Allowance for Doubtful Accounts Receivable

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

Provision for Excess and Obsolete Inventory

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

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

Acquisitions

When acquiring companies, we recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions as a part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the condensed consolidated statements of operations.

Accounting for business combinations requires management to make significant estimates and assumptions, especially at the acquisition date with respect to intangible assets, support liabilities assumed and pre-acquisition contingencies. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based in part on historical experience, market data and information obtained from the management of the acquired companies and are inherently uncertain.

Examples of critical estimates in valuing certain of the intangible assets the Company has acquired include but are not limited to: (i) future expected cash flows from customer relationships; (ii) estimates to develop or use technology; and (iii) discount rates.

If management determines that a pre-acquisition contingency is probable in nature and estimable as of the acquisition date, we record our best estimate for such a contingency as a part of the preliminary fair value allocation. We continue to gather information for and evaluate pre-acquisition contingencies throughout the measurement period and if we make changes to the amounts recorded or if we identify additional pre-acquisition contingencies during the measurement period, such amounts will be included in the fair value allocation during the measurement period and, subsequently, in our results of operations.

We may be required to pay future consideration to the former shareholders of acquired companies, depending on the terms of the applicable purchase agreements, which may be contingent upon the achievement of certain financial and operating targets, as well as the retention of key employees. If the future consideration is considered to be compensation, amounts will be expensed when incurred.

Purchased Intangible Assets

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

Long-Lived Assets

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

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

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

Valuation of Goodwill

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

Convertible Debt

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

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

Provision for Warranty Costs

We accrue warranty costs based on estimates of future warranty related replacement, repairs or rework of products. Our warranty policy generally provides between one and three years of coverage for products following the date of purchase. Our

policy is to accrue the estimated cost of warranty coverage as a component of cost of revenue in the consolidated statements of operations at the time revenue is recognized. In estimating our future warranty obligations we consider various relevant factors, including the historical frequency and volume of claims, and the cost to replace or repair products under warranty. The warranty provision for our products is determined by using a financial model to estimate future warranty costs. Our financial model takes into consideration actual product failure rates, estimated replacement over the contractual warranty period, repair or rework expenses and potential risks associated with our different products. The risk levels, warranty cost information, and failure rates used within this model are reviewed throughout the year and updated, if and when, these inputs change.

We actively engage in product improvement programs and processes to limit our warranty costs, but our warranty obligation is affected by the complexity of our product, product failure rates and costs incurred to correct those product failures. The industry in which we operate is subject to rapid technological change, and as a result, we periodically introduce newer, more complex products. Depending on the quality of our product design and manufacturing, actual product failure rates or actual warranty costs could be materially greater than our estimates, which could harm our financial condition and results of operations.

Litigation

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

Share-based Compensation

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

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

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

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

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

As required by SEC rules, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and our principal financial and accounting officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2018, the end of the period covered by this report. Based on the foregoing, our principal executive officer and principal financial and accounting officer concluded that our disclosure controls and procedures were effective as of December 31, 2018.

Management's Annual Report on Internal Control Over Financial Reporting

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

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework set forth in by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2013 framework) in *Internal Control—Integrated Framework*. Based on our evaluation under the framework in *Internal Control—Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2018.

Marcum LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, has also audited our internal control over financial reporting as of December 31, 2018, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

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

Item 9B. Other Information

None.

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

To the Stockholders and Board of Directors of
Inseego Corp.

Opinion on Internal Control over Financial Reporting

We have audited Inseego Corp.'s (the "Company") internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheet as of December 31, 2018 and the related consolidated statements of operations, comprehensive loss, stockholders' deficit, and cash flows for the year then ended of the Company and our report dated March 12, 2019 expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ Marcum LLP

Marcum LLP

Philadelphia, Pennsylvania
March 12, 2019

PART III

Items 10, 11, 12, 13 and 14.

The information required by Items 10, 11, 12, 13 and 14 is incorporated by reference from the Company's definitive proxy statement for the 2019 Annual Meeting of Stockholders, which the Company intends to file with the SEC within 120 days of the end of the fiscal year end to which this report relates.

PART IV

Item 15. *Exhibits and Financial Statement Schedules*

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

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

Exhibit No.	Description
3.1	<u>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).</u>
3.2	<u>Amended and Restated Bylaws of Inseego Corp. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed November 9, 2016).</u>
3.3	<u>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).</u>
4.1	<u>Form of Inseego Corp. Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 9, 2016).</u>
4.2	<u>Investors' Rights Agreement, dated September 8, 2014, by and between Novatel Wireless, Inc. and HC2 Holdings 2, Inc. (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed September 8, 2014).</u>
4.3	<u>Amendment No. 1 to Investors' Rights Agreement, dated August 6, 2018, by and between Inseego Corp. and HC2 Holdings 2, Inc. (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K, filed August 7, 2018).</u>
4.4	<u>Warrant to Purchase Common Stock issued to HC2 Holdings 2, Inc. on March 26, 2015 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed April 1, 2015).</u>
4.5	<u>Indenture, dated January 9, 2017, between Inseego Corp. and Wilmington Trust, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed January 10, 2017).</u>
4.6	<u>Form of Inseego Corp.'s 5.50% Convertible Senior Note due 2022 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed January 10, 2017).</u>
4.7	<u>Indenture, dated June 10, 2015, between Novatel Wireless, Inc. and Wilmington Trust, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed June 10, 2015).</u>
4.8	<u>First Supplemental Indenture, dated November 8, 2016, among Novatel Wireless, Inc., Inseego Corp. and Wilmington Trust, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed November 9, 2016).</u>
4.9	<u>Second Supplemental Indenture, dated January 6, 2017, between Novatel Wireless, Inc. and Wilmington Trust, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed January 10, 2017).</u>
4.10	<u>Form of Novatel Wireless, Inc.'s 5.50% Convertible Senior Note due 2020 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed June 10, 2015).</u>

Exhibit No.	Description
4.11	<u>Rights Agreement, dated as of January 22, 2018, between Inseego Corp. and Computershare Trust Company, N.A., as Rights Agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed January 22, 2018).</u>
4.12	<u>Amendment No. 1 to Rights Agreement, dated August 6, 2018, by and between Inseego Corp. and Computershare Trust Company, N.A., as rights agent (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K, filed August 7, 2018).</u>
4.13	<u>Amendment No. 2 to Rights Agreement, dated December 4, 2018, by and between Inseego Corp. and Computershare Trust Company, N.A., as rights agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed December 10, 2018).</u>
4.14	<u>Common Stock Purchase Warrant issued to Golden Harbor Ltd., dated August 6, 2018, by Inseego Corp. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed August 7, 2018).</u>
4.15	<u>Common Stock Purchase Warrant issued to North Sound Trading, L.P., dated August 6, 2018, by Inseego Corp. (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed August 7, 2018).</u>
4.16	<u>Registration Rights Agreement, dated August 6, 2018, by and among Inseego Corp. and the Investors identified on Exhibit A to the Securities Purchase Agreement (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed August 7, 2018).</u>
10.1*	<u>Amended and Restated Novatel Wireless, Inc. 2000 Stock Incentive Plan ("2000 Plan") (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007, filed August 9, 2007).</u>
10.2*	<u>Form of Executive Officer Stock Option Agreement under the 2000 Plan (incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed March 16, 2006).</u>
10.3*	<u>Form of Director Stock Option Agreement under the 2000 Plan (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed March 16, 2006).</u>
10.4*	<u>Form of Amendment of Stock Option Agreements, dated July 20, 2006, by and between the Company and Optionee with respect to the 2000 Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2006, filed November 9, 2006).</u>
10.5*	<u>Form of Amendment of Stock Option Agreements, dated July 20, 2006, by and between the Company and Optionee with respect to the 2000 Plan and grants made pursuant thereto in 2004 and subsequently (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2006, filed November 9, 2006).</u>
10.6*	<u>Form of Restricted Share Award Agreement for Directors under the 2000 Plan (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2006, filed August 9, 2006).</u>
10.7*	<u>Form of Restricted Share Award Agreement for Officers under the 2000 Plan (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2006, filed August 9, 2006).</u>
10.8*	<u>Amended and Restated Inseego Corp. 2000 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed July 18, 2018).</u>
10.9*	<u>Offer Letter, dated August 11, 2017, by and between the Company and Stephen Smith with an employment start date of August 21, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed August 21, 2017).</u>
10.10*	<u>Change in Control and Severance Agreement, effective August 21, 2017, by and between the Company and Stephen Smith (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed August 21, 2017).</u>
10.11*	<u>Form of Indemnification (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed August 21, 2017).</u>
10.12*	<u>Consulting Agreement between the Company and Michael Newman, effective as of May 16, 2017 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8K/A, filed May 22, 2017).</u>

Exhibit No.	Description
10.13*	<u>Employment Offer Letter between Inseego Corp. and Tom Allen, dated May 16, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8K/A, filed May 22, 2017).</u>
10.14*	<u>Employment Offer Letter, dated June 6, 2017, between Inseego Corp. and Dan Mondor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed June 9, 2017).</u>
10.15*	<u>Change in Control and Severance Agreement, dated June 6, 2018, between Inseego Corp. and Dan Mondor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed June 8, 2018).</u>
10.16*	<u>Indemnification Agreement, dated June 6, 2017, between Inseego Corp. and Dan Mondor (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed June 9, 2017).</u>
10.17*	<u>Amendment to Offer Letter, dated October 26, 2017, by and between the Company and Dan Mondor (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q, filed on November 7, 2017).</u>
10.18*	<u>2016 Corporate Bonus Plan for Novatel Wireless, Inc. Employees (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2016, filed on May 10, 2016).</u>
10.19*	<u>Inseego Corp. 2015 Incentive Compensation Plan (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K, filed on March 16, 2018).</u>
10.20*	<u>Form of Nonstatutory Stock Option Agreement under the Inseego Corp. 2015 Incentive Compensation Plan (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K, filed on March 16, 2018).</u>
10.21	<u>Credit Agreement, dated as of May 8, 2017, by and among Inseego Corp., as the Borrower, certain subsidiaries of the Borrower, as Guarantors, and Lakestar Semi Inc., as Lender (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed August 9, 2017).</u>
10.22	<u>Security and Pledge Agreement, dated as of May 8, 2017, by and among Inseego Corp., as the Borrower, certain subsidiaries of the Borrower, as Grantors, and Lakestar Semi Inc., as Lender (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed August 9, 2017).</u>
10.23	<u>Credit Agreement, dated as of August 23, 2017, by and among Inseego Corp. and certain of its direct and indirect subsidiaries, Cantor Fitzgerald Securities, as Agent, and certain funds managed by Highbridge Capital Management, LLC, as Lenders (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on November 7, 2017).</u>
10.24	<u>Security and Pledge Agreement, dated as of August 23, 2017, by and among Inseego Corp and certain of its direct and indirect subsidiaries, as Guarantors, and Cantor Fitzgerald Securities, as Agent (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on November 7, 2017).</u>
10.25	<u>Note Purchase Agreement, dated as of August 23, 2017, by and among Inseego Corp., 1992 MSF International LTD. and 1992 Tactical Credit Master Fund, L.P. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on November 7, 2017).</u>
10.26*	<u>Form of Indemnification (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed August 21, 2017).</u>
10.27*	<u>2017 (Second Half) Inseego Corporate Bonus Plan (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q, filed on November 7, 2017).</u>
10.28*	<u>2017 Inseego Corporate Bonus Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed May 15, 2017).</u>
10.29*	<u>Inseego Corp. 2018 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 18, 2018).</u>
10.30	<u>Mutual General Release and Settlement Agreement, dated July 26, 2018, between Inseego Corp., successor to Novatel Wireless, Inc., on the one hand, and Robert E. Ralston and Ethan B. Ralston, on the other hand (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 31, 2018).</u>
10.31	<u>Securities Purchase Agreement, dated August 6, 2018, by and among Inseego Corp. and the Investors identified on Exhibit A thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed August 7, 2018).</u>

Exhibit No.	Description
21**	Subsidiaries of Inseego Corp.
23.1**	Consent of Independent Registered Public Accounting Firm (Marcum LLP).
23.2**	Consent of Independent Registered Public Accounting Firm (Mayer Hoffman McCann P.C.).
24**	Power of Attorney (See signature page).
31.1**	Certification of our Principal Executive Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of our Principal Financial Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101**	The following financial statements and footnotes from the Inseego Corp. Annual Report on Form 10-K for the year ended December 31, 2018 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Loss; (iv) Consolidated Statements of Stockholders' Equity (Deficit); (v) Consolidated Statements of Cash Flows; and (vi) the Notes to Consolidated Financial Statements.
*	Management contract, compensatory plan or arrangement
**	Filed herewith

Item 16. Form 10-K Summary

None.

SIGNATURES

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

Date: March 12, 2019

INSEEGO CORP.

By /s/ Dan Mondor
Dan Mondor
Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

Know all men by these presents, that each person whose signature appears below constitutes and appoints Dan Mondor and Stephen Smith, or either of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u> </u> /s/ Dan Mondor Dan Mondor	Chief Executive Officer (Principal Executive Officer and Director)	March 12, 2019
<u> </u> /s/ Stephen Smith Stephen Smith	Chief Financial Officer (Principal Financial and Accounting Officer)	March 12, 2019
<u> </u> /s/ Robert Pons Robert Pons	Director	March 12, 2019
<u> </u> /s/ Jeffrey Tudor Jeffrey Tudor	Director	March 12, 2019
<u> </u> /s/ James B. Avery James B. Avery	Director	March 12, 2019
<u> </u> /s/ Brian Miller Brian Miller	Director	March 12, 2019

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Inseego Corp.

Opinion on the Financial Statements

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

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company's internal control over financial reporting as of December 31, 2018, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013 and our report dated March 12, 2019, expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion

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

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

/s/ Marcum LLP

Marcum LLP

We have served as the Company’s auditor since 2018.
Philadelphia, Pennsylvania
March 12, 2019

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Inseego Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Inseego Corp. ("Company") as of December 31, 2017 and the related consolidated statements of operations, comprehensive loss, stockholders' deficit, and cash flows for the year ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Inseego Corp. as of December 31, 2017, and the results of their operations and their cash flows for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

/s/ MAYER HOFFMAN MCCANN P.C.

San Diego, California
March 15, 2018

We served as the Company's auditor from 2016 to 2018.

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

December 31,

2018 **2017**

ASSETS

Current assets:

Cash and cash equivalents	\$ 31,015	\$ 21,198
Restricted cash	61	61
Accounts receivable, net of allowance for doubtful accounts of \$1,841 and \$2,683, respectively	20,633	15,674
Inventories, net	26,431	20,403
Prepaid expenses and other	6,212	9,101
Total current assets	84,352	66,437
Property, plant and equipment, net	6,698	6,991
Rental assets, net	5,769	7,563
Intangible assets, net	31,985	38,671
Goodwill	32,942	37,681
Other assets	510	864
Total assets	\$ 162,256	\$ 158,207

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Accounts payable	\$ 39,245	\$ 29,332
Accrued expenses and other current liabilities	13,024	27,558
DigiCore bank facilities	1,412	3,075
Total current liabilities	53,681	59,965

Long-term liabilities:

Convertible senior notes, net	93,054	84,773
Term loan, net	45,046	44,055
Deferred tax liabilities, net	4,457	5,261
Other long-term liabilities	2,543	9,768
Total liabilities	198,781	203,822

Commitments and Contingencies

Stockholders' deficit:

Preferred stock, par value \$0.001; 2,000,000 shares authorized and none outstanding	—	—
Common stock, par value \$0.001; 150,000,000 shares authorized, 73,979,882 and 58,644,559 shares issued and outstanding, respectively	74	59
Additional paid-in capital	546,230	519,531
Accumulated other comprehensive (loss) income	(4,877)	4,604
Accumulated deficit	(577,817)	(569,759)
Total stockholders' deficit attributable to Inseego Corp.	(36,390)	(45,565)
Noncontrolling interests	(135)	(50)
Total stockholders' deficit	(36,525)	(45,615)
Total liabilities and stockholders' deficit	\$ 162,256	\$ 158,207

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,	
	2018	2017
Net revenues:		
IoT & Mobile Solutions	\$ 135,349	\$ 152,851
Enterprise SaaS Solutions	67,114	66,446
Total net revenues	<u>202,463</u>	<u>219,297</u>
Cost of net revenues:		
IoT & Mobile Solutions	105,344	127,293
Enterprise SaaS Solutions	26,167	24,938
Impairment of abandoned product line, net of recoveries	355	(269)
Total cost of net revenues	<u>131,866</u>	<u>151,962</u>
Gross profit	<u>70,597</u>	<u>67,335</u>
Operating costs and expenses:		
Research and development	20,593	21,362
Sales and marketing	23,027	25,019
General and administrative	25,325	34,415
Amortization of purchased intangible assets	3,624	3,601
Extinguishment of acquisition-related liabilities	(17,174)	—
Restructuring charges, net of recoveries	1,191	5,152
Total operating costs and expenses	<u>56,586</u>	<u>89,549</u>
Operating income (loss)	14,011	(22,214)
Other expense:		
Interest expense, net	(20,444)	(19,332)
Other expense, net	(895)	(4,080)
Loss before income taxes	(7,328)	(45,626)
Income tax provision	815	214
Net loss	(8,143)	(45,840)
Less: Net loss attributable to noncontrolling interests	85	105
Net loss attributable to Inseego Corp.	<u>\$ (8,058)</u>	<u>\$ (45,735)</u>
Per share data:		
Net loss per share:		
Basic and diluted	<u>\$ (0.12)</u>	<u>\$ (0.78)</u>
Weighted-average common shares outstanding:		
Basic and diluted	<u>66,104,376</u>	<u>58,718,483</u>

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,	
	2018	2017
Net loss	\$ (8,143)	\$ (45,840)
Foreign currency translation adjustment	(9,481)	6,013
Total comprehensive loss	<u>\$ (17,624)</u>	<u>\$ (39,827)</u>

See accompanying notes to consolidated financial statements.

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

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Deficit
	Shares	Amount					
Balance, December 31, 2016	54,372	54	507,616	(524,024)	(1,409)	36	(17,727)
Net loss	—	—	—	(45,735)	—	(105)	(45,840)
Foreign currency translation adjustment	—	—	—	—	6,013	—	6,013
Net noncontrolling interest acquired	—	—	—	—	—	19	19
Exercise of stock options, vesting of restricted stock units and stock issued under employee stock purchase plan	1,231	2	388	—	—	—	390
Taxes withheld on net settled vesting of restricted stock units	—	—	(896)	—	—	—	(896)
Issuance of common shares (Notes 5 and 11)	3,042	3	5,075	—	—	—	5,078
Share-based compensation	—	—	3,748	—	—	—	3,748
Additional discount on exchange of convertible senior notes	—	—	3,600	—	—	—	3,600
Balance, December 31, 2017	58,645	59	519,531	(569,759)	4,604	(50)	(45,615)
Net loss	—	—	—	(8,058)	—	(85)	(8,143)
Foreign currency translation adjustment	—	—	—	—	(9,481)	—	(9,481)
Exercise of stock options, vesting of restricted stock units and stock issued under employee stock purchase plan	2,645	3	2,405	—	—	—	2,408
Taxes withheld on net settled vesting of restricted stock units	—	—	(656)	—	—	—	(656)
Issuance of common shares (Notes 10 and 11)	12,690	12	20,074	—	—	—	20,086
Share-based compensation	—	—	4,876	—	—	—	4,876
Balance, December 31, 2018	<u>73,980</u>	<u>\$ 74</u>	<u>\$ 546,230</u>	<u>\$ (577,817)</u>	<u>\$ (4,877)</u>	<u>\$ (135)</u>	<u>\$ (36,525)</u>

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (8,143)	\$ (45,840)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	13,733	14,274
Provision for bad debts, net of recoveries	555	1,618
Provision for excess and obsolete inventory, net of recoveries	1,040	1,674
Share-based compensation expense	4,876	3,748
Amortization of debt discount and debt issuance costs	9,772	10,283
Loss on extinguishment of debt, net	—	2,035
Deferred income taxes	14	319
Non-cash gain on extinguishment of acquisition-related liabilities	(17,174)	—
Unrealized foreign currency transaction loss (gain), net	402	(316)
Other	1,620	1,684
Changes in assets and liabilities:		
Accounts receivable	(6,883)	5,638
Inventories	(11,437)	3,020
Prepaid expenses and other assets	3,251	(3,239)
Accounts payable	9,646	(730)
Accrued expenses, income taxes, and other	(3,037)	(8,744)
Net cash used in operating activities	<u>(1,765)</u>	<u>(14,576)</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(1,338)	(1,789)
Proceeds from the sale of property, plant and equipment	144	253
Purchases of intangible assets and additions to capitalized software development costs	(3,040)	(2,839)
Net cash used in investing activities	<u>(4,234)</u>	<u>(4,375)</u>
Cash flows from financing activities:		
Gross proceeds received from private placement	19,661	—
Payment of issuance costs related to private placement	(500)	—
Proceeds from term loans	—	64,917
Payment of issuance costs related to term loans	—	(905)
Principal payments on term loans	(500)	(20,000)
Repurchase of convertible senior notes	—	(11,900)
Net repayment of DigiCore bank and overdraft facilities	(1,453)	(76)
Principal payments under capital lease obligations	(977)	(876)
Principal payments on mortgage bond	(316)	(288)
Proceeds from stock option exercises and employee stock purchase plan, net of taxes paid on vested restricted stock units	1,752	(506)
Net cash provided by financing activities	<u>17,667</u>	<u>30,366</u>
Effect of exchange rates on cash, cash equivalents and restricted cash	<u>(1,851)</u>	<u>(50)</u>
Net increase in cash, cash equivalents and restricted cash	9,817	11,365
Cash, cash equivalents and restricted cash, beginning of period	21,259	9,894
Cash, cash equivalents and restricted cash, end of period	<u>\$ 31,076</u>	<u>\$ 21,259</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 10,642	\$ 9,074
Income taxes	\$ 672	\$ 440
Supplemental disclosures of non-cash activities:		
Transfer of inventories to rental assets	\$ 3,973	\$ 5,943
Purchases of property, plant and equipment under capital lease	\$ 1,563	\$ 290
Capital expenditures financed through accounts payable	\$ 1,680	\$ —
Issuance of common stock under settlement agreement	\$ 925	\$ —
Issuance of common stock under amended earn-out agreement	\$ —	\$ 2,638
Additional debt discount on exchange of convertible senior notes	\$ —	\$ 3,600
Term loan debt discount issued in common stock	\$ —	\$ 2,340

See accompanying notes to consolidated financial statements.

INSEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Significant Accounting Policies

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

Insego is a Delaware corporation formed in 2016 and is the successor to Novatel Wireless, Inc., a Delaware corporation formed in 1996 (“Novatel Wireless”), as a result of an internal reorganization that was completed in November 2016. The Company’s principal executive office is located at 12600 Deerfield Parkway, Suite 100, Alpharetta, GA 30004, its corporate offices are located at 9605 Scranton Road, Suite 300, San Diego CA 92121 and its sales and engineering offices are located throughout the world. Insego’s common stock trades on The NASDAQ Global Select Market under the trading symbol “INSG”.

Basis of Presentation

The Company had a net loss attributable to Insego Corp. of \$8.1 million during the year ended December 31, 2018. As of December 31, 2018, the Company had available cash and cash equivalents totaling \$31.0 million and working capital of \$30.7 million. The Company has a history of operating and net losses and overall usage of cash from operating and investing activities.

During the year ended December 31, 2018, the Company continued certain restructuring initiatives aimed at significantly reducing the Company’s cost of revenues and operating expenses in an effort to increase operating cash flows to eventually be sufficient to offset debt service costs and cash flows from investing activities. The Company’s management believes that its cash and cash equivalents, together with anticipated cash flows from operations, will be sufficient to meet its working capital needs for the next twelve months following the filing date of this report. The Company’s ability to transition to more profitable operations is dependent upon achieving a level of revenue adequate to support its evolving cost structure. 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 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.

Principles of Consolidation

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

Use of Estimates

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

Segment Information

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

INSEEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash and Cash Equivalents

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

Allowance for Doubtful Accounts Receivable

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

Inventories and Provision for Excess and Obsolete Inventory

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

The Company believes that, when made, the estimates used in calculating the inventory provision are reasonable and properly reflect the risk of excess and obsolete inventory. If customer demand for the Company's inventory is substantially less than its estimates, inventory write-downs may be required, which could have a material adverse effect on its consolidated financial statements.

Property, Plant and Equipment

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

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

Rental Assets

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

Software Development Costs

Software development costs are expensed as incurred until technological feasibility has been established, at which time those costs are capitalized as intangible assets until the software is implemented into products sold to customers. Capitalized software development costs are amortized on a straight-line basis over the estimated useful life of the software (see Note 3, *Goodwill and Other Intangible Assets*). Costs incurred to enhance existing software or after the implementation of the software into a product are expensed in the period they are incurred and included in research and development expense in the consolidated statements of operations.

INSEEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Internal Use Software

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

Intangible Assets

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

Indefinite-lived assets, including goodwill and in-process capitalized software development costs, are not amortized; however, they are tested for impairment annually, and between annual tests, if certain events occur indicating that the carrying amounts may be impaired. If a qualitative assessment is used and the Company determines that the fair value of an indefinite-lived intangible asset is more likely than not (i.e., a likelihood of more than 50%) less than its carrying amount, a quantitative impairment test will be performed. If indefinite-lived intangible assets, excluding goodwill, are quantitatively assessed for impairment, a two-step approach is applied. First, the Company compares the estimated fair value of the indefinite-lived intangible asset to its carrying value. The second step, if necessary, measures the amount of such impairment by comparing the implied fair value of the asset to its carrying value. The Company tests goodwill for impairment by comparing the fair value of each reporting unit with its carrying amount and an impairment charge is recorded for the amount, if any, by which the carrying value exceeds the reporting unit’s fair value. For the year ended December 31, 2017, the Company recorded an impairment loss related to indefinite-lived intangible assets of approximately \$0.3 million, which is included in other income (expense), net, in the consolidated statements of operations. For the year ended December 31, 2018, the Company recorded no impairment loss related to indefinite-lived intangible assets.

Long-Lived Assets

The Company periodically evaluates the carrying value of the unamortized balances of its long-lived assets, including property, plant and equipment, rental assets and intangible assets, to determine whether impairment of these assets has occurred or whether a revision to the related amortization periods should be made. When the carrying value of an asset exceeds the associated undiscounted expected future cash flows, it is considered to be impaired and is written down to fair value. Fair value is determined based on an evaluation of the assets associated undiscounted future cash flows or appraised value. This evaluation is based on management’s projections of the undiscounted future cash flows associated with each class of asset. If management’s evaluation indicates that the carrying values of these assets are impaired, such impairment is recognized by a reduction of the applicable asset carrying value to its estimated fair value and the impairment is expensed as a part of continuing operations. For the year ended December 31, 2018, the Company recorded an impairment loss related to long-lived assets of approximately \$0.7 million, which is included in general and administrative expenses in the consolidated statements of operations. For the year ended December 31, 2017, the Company recorded an impairment loss related to long-lived assets of approximately \$0.1 million, which is included in other income (expense), net, in the consolidated statements of operations.

Acquisitions

When acquiring companies, the Company recognizes separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While the Company uses its best estimates and assumptions as a part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the acquisition date, the Company’s estimates are inherently uncertain and subject to refinement. As a result, during the measurement period (which may be up to one year from the acquisition date), the Company records

INSEEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of operations.

Accounting for business combinations requires the Company's management to make significant estimates and assumptions, especially at the acquisition date with respect to intangible assets, support liabilities assumed and pre-acquisition contingencies. Although the Company believes the assumptions and estimates it has made in the past have been reasonable and appropriate, they are based in part on historical experience, market data and information obtained from the management of the acquired companies and are inherently uncertain.

Examples of critical estimates in valuing certain of the intangible assets the Company has acquired include but are not limited to: (i) future expected cash flows from customer relationships; (ii) estimates to develop or use technology; and (iii) discount rates.

If the Company determines that a pre-acquisition contingency is probable in nature and estimable as of the acquisition date, the Company records its best estimate for such a contingency as a part of the preliminary fair value allocation. The Company continues to gather information for and evaluate pre-acquisition contingencies throughout the measurement period and if the Company makes changes to the amounts recorded or if the Company identifies additional pre-acquisition contingencies during the measurement period, such amounts will be included in the fair value allocation during the measurement period and, subsequently, in the Company's results of operations.

The Company may be required to pay future consideration to the former shareholders of acquired companies, depending on the terms of the applicable purchase agreements, which may be contingent upon the achievement of certain financial and operating targets, as well as the retention of key employees. If the future consideration is considered to be compensation, amounts will be expensed when incurred.

Restructuring

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

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

Convertible Debt

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

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

INSEEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revenue Recognition

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

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

Net revenues by product grouping for the years ended December 31, 2018 and 2017 were as follows (in thousands):

	Year Ended December 31,	
	2018	2017
IoT & Mobile Solutions	\$ 135,349	\$ 152,851
Enterprise SaaS Solutions	67,114	66,446
Total	\$ 202,463	\$ 219,297

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

IoT & Mobile Solutions. The IoT & Mobile Solutions portfolio is comprised of end-to-end edge to cloud solutions including 4G LTE mobile broadband gateways, routers, modems, hotspots, VoLTE based wireless home phones and cloud management software. The solutions are offered under the MiFi brand for consumer and business markets, and under the Skyus brand for industrial IoT markets.

Enterprise SaaS Solutions. The Enterprise SaaS Solutions consist of various subscription offerings to gain access to the Company’s Ctrack telematics platforms, which provide fleet vehicle, aviation ground vehicle and asset tracking and performance information, and other telematics applications, and the Company’s Device Management Solutions.

Contracts with Customers

The Company adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)* (as amended, “ASC 606”), effective January 1, 2018, using the modified retrospective method applied to those contracts which were not substantially completed as of January 1, 2018. ASC 606 provides guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate. The standard requires that an entity recognize revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues for 2018 are reported under ASC 606, while prior period amounts are not adjusted and continue to be reported under ASC 605, *Revenue Recognition*.

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

The Company determines revenue recognition through the following five steps:

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

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

INSEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Revenue Recognition

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

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

SaaS and Other Services. SaaS subscription revenue is recognized over time on a ratable basis over the contract term beginning on the date that its service is made available to the customer. Subscription periods range from monthly to multi-year, with the majority of contracts being one to three years. Telematics includes a device which collects and transmits the information from the vehicle or other asset. The Company's customers have an option to purchase the monitoring device or lease it over the term of the contract. If the customer purchases the hardware device, the Company recognizes the revenue when the Company transfers control of the hardware to the customer, as discussed above in the hardware revenue recognition disclosure. If the customer chooses to lease the monitoring device, the Company recognizes the revenue for the monitoring device over the term of the contract. The Company records such revenue in accordance with the ASC 840, *Leases*, as it has determined that they qualify as operating leases because ownership of the device does not transfer to the other party.

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

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

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

Multiple Performance Obligations

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

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

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

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

Contract Liabilities

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

Contract Assets

The Company capitalizes sales commissions earned by its sales force when they are considered to be incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized over a period of benefit. There were no significant amounts of assets recorded related to contract costs as of December 31, 2018.

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

Shipping and Handling Charges

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

Taxes Collected from Customers

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

Transition Disclosures

Adoption of the new standards related to revenue recognition did not have a material impact on the Company's consolidated financial statements for the year ended December 31, 2018.

Provision for Warranty Costs

The Company accrues warranty costs based on estimates of future warranty related replacement, repairs or rework of products. The Company's warranty policy generally provides one to three years of coverage for products following the date of purchase. The Company's policy is to accrue the estimated cost of warranty coverage as a component of cost of revenue in the accompanying consolidated statements of operations at the time revenue is recognized. In estimating its future warranty obligations, the Company considers various factors, including the historical frequency and volume of claims and cost to replace or repair products under warranty. The warranty provision for the Company's products is determined by using a financial model to estimate future warranty costs. The Company's financial model takes into consideration actual product failure rates; estimated replacement, repair or rework expenses; and potential risks associated with its different products. The risk levels, warranty cost information and failure rates used within this model are reviewed throughout the year and updated, if and when, these inputs change.

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Foreign Currency Transactions

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

Foreign Currency Translation

Assets and liabilities of the Company's international subsidiaries in which the local currency is the functional currency are translated into U.S. Dollars at period-end exchange rates. Income and expenses are translated into U.S. Dollars at the average exchange rates during the period. The resulting translation adjustments are included in the Company's consolidated balance sheets as a component of accumulated other comprehensive loss.

Income Taxes

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

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

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

Litigation

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

Share-Based Compensation

The Company has granted stock options and restricted stock units ("RSUs") to employees, non-employee consultants and non-employee members of our Board of Directors. The Company also has an employee stock purchase plan ("ESPP") for eligible employees. The Company measures the compensation cost associated with all share-based payments based on grant date fair values. The fair value of each stock option and stock purchase right is estimated on the date of grant using an option pricing model that meets certain requirements. The Company generally uses the Black-Scholes option pricing model to estimate the fair value of its stock options and stock purchase rights. The Black-Scholes model is considered an acceptable model but the fair values generated by it may not be indicative of the actual fair values of the Company's equity awards as it does not consider

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certain factors important to those awards to recipients, such as continued service and periodic vesting requirements, as well as limited transferability. The determination of the fair value of share-based payment awards utilizing the Black-Scholes model is affected by the Company's stock price and a number of assumptions, including expected volatility, expected term, risk-free interest rate and expected dividends.

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

The expected term of stock options granted is estimated using historical experience. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected terms of the Company's stock options and stock purchase rights. The dividend yield assumption is based on the Company's history and expectation of no dividend payouts. The Company estimates forfeitures at the time of grant and revises these estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company estimates its forfeiture rate assumption for all types of share-based compensation awards based on historical forfeiture rates related to each category of award.

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

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

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

Net Loss Per Share Attributable to Inseego Corp.

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

Fair Value of Financial Instruments

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

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

Comprehensive Loss

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

Prior Period Reclassifications

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

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Recent 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, which are not yet effective, will not have a material impact on its consolidated financial statements upon adoption.

In June 2018, the FASB issued ASU 2018-07, *Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, which aligns the accounting for share-based payment awards issued to employees and non-employees. This guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted. The Company early adopted this guidance during the fourth quarter of 2018. The adoption did not have a material impact on the Company's consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents in the statement of cash flows. The Company implemented this guidance in the first quarter of 2018 using a retrospective transition method for each period presented. The following line items in the Company's consolidated statement of cash flows for the year ended December 31, 2017 have been adjusted to reflect the adoption of this new guidance:

	As Previously Reported	Adjustment	As Adjusted
Restricted cash	\$ (61)	\$ 61	\$ —
Net cash used in operating activities	(14,637)	61	(14,576)
Net increase in cash, cash equivalents and restricted cash	11,304	61	11,365
Cash, cash equivalents and restricted cash, end of period	21,198	61	21,259

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

In February 2016, the FASB established Topic 842, *Leases (Topic 842)*, by issuing ASU 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*, ASU 2018-10, *Codification Improvements to Topic 842, Leases*, and ASU 2018-11, *Targeted Improvements*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

This guidance is effective prospectively for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. Originally, entities were required to adopt ASU 2016-02 using a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application. However, in July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which now allows entities the option of recognizing the cumulative effect of applying the new standard as an adjustment to the opening balance of retained earnings in the year of adoption while continuing to present all prior periods under previous lease accounting guidance. The Company expects to adopt the new standard on January 1, 2019 and use the effective date as its date of initial application.

The new standard provides a number of optional practical expedients in transition. The Company expects to elect the 'package of practical expedients', which permits the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Company does not expect to elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to the Company.

The new standard also provides practical expedients for an entity's ongoing accounting. The Company currently expects to elect the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition.

The Company also currently expects to elect the practical expedient to not separate lease and non-lease components, which has been applied to all leases, including building and office leases.

On the lessor side, Topic 842 requires lessors to classify leases as a sales-type, direct financing or operating lease. A lease is a sales-type lease if any one of five criteria are met, each of which indicate that the lease, in effect, transfers control of the

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underlying asset to the lessee. If none of those five criteria are met, but two additional criteria are both met, indicating that the lessor has transferred substantially all the risks and benefits of the underlying asset to the lessee and a third party, the lease is a direct financing lease. All leases that are not sales-type or direct financing leases are operating leases.

While the Company continues to evaluate certain aspects of the new standard, it does not expect the new standard to have a material effect on its financial statements and it does not expect a significant change in its leasing activities.

2. Financial Statement Details

Inventories

Inventories consist of the following (in thousands):

	December 31,	
	2018	2017
Finished goods	\$ 14,797	\$ 14,331
Raw materials and components	11,634	6,072
	<u>\$ 26,431</u>	<u>\$ 20,403</u>

Property, Plant and Equipment

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

	December 31,	
	2018	2017
Land	\$ 247	\$ 288
Buildings	2,247	2,614
Test equipment	14,444	23,396
Computer equipment and purchased software	4,889	5,548
Product tooling	504	449
Furniture and fixtures	677	564
Vehicles	1,990	2,003
Leasehold improvements	136	267
	25,134	35,129
Less—accumulated depreciation and amortization	(18,436)	(28,138)
	<u>\$ 6,698</u>	<u>\$ 6,991</u>

At December 31, 2018, the Company had vehicles and equipment under capital leases with an aggregate carrying value of \$1.9 million, net of accumulated amortization of \$2.0 million. At December 31, 2017, the Company had vehicles and equipment under capital leases with an aggregate carrying value of \$1.6 million, net of accumulated amortization of \$1.5 million.

Rental Assets

Rental assets consist of the following (in thousands):

	December 31,	
	2018	2017
Rental assets	\$ 16,648	\$ 16,602
Less—accumulated depreciation	(10,879)	(9,039)
	<u>\$ 5,769</u>	<u>\$ 7,563</u>

Depreciation and amortization expense related to property, plant and equipment, including equipment under capital leases, and rental assets was \$7.0 million and \$8.0 million for the years ended December 31, 2018 and 2017, respectively.

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Accrued Expenses and Other Current Liabilities

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

	December 31,	
	2018	2017
Royalties	\$ 1,727	\$ 1,558
Payroll and related expenses	2,415	2,870
Professional fees	514	1,789
Accrued interest	239	239
Deferred revenue	2,048	1,823
Acquisition-related liabilities	1,000	13,186
Other	5,081	6,093
	<u>\$ 13,024</u>	<u>\$ 27,558</u>

3. Goodwill and Other Intangible Assets

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

Balance at December 31, 2016	\$ 34,428
Effect of change in foreign currency exchange rates	3,253
Balance at December 31, 2017	37,681
Effect of change in foreign currency exchange rates	(4,739)
Balance at December 31, 2018	<u>\$ 32,942</u>

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

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

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	December 31, 2017			
	Weighted-Average Life (in years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Finite-lived intangible assets:				
Developed technologies	5.6	\$ 18,332	\$ (9,532)	\$ 8,800
Trademarks and trade names	9.3	24,337	(8,911)	15,426
Customer relationships	8.2	13,480	(4,852)	8,628
Capitalized software development costs	5.0	6,491	(1,472)	5,019
Other	2.8	712	(706)	6
Total finite-lived intangible assets		<u>\$ 63,352</u>	<u>\$ (25,473)</u>	<u>37,879</u>
Indefinite-lived intangible assets:				
In-process capitalized software development costs				792
Total intangible assets				<u>\$ 38,671</u>

Amortization expense for the years ended December 31, 2018 and 2017 was approximately \$6.7 million and \$6.3 million, respectively, including approximately \$1.4 million and \$0.9 million related to capitalized software development costs for the years ended December 31, 2018 and 2017, respectively.

During the year ended December 31, 2017, the Company recorded an impairment loss on intangible assets of approximately \$0.4 million, which is included in other income (expense), net, in the consolidated statements of operations. The Company recorded no impairment loss on intangible assets during the year ended December 31, 2018.

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

2019	\$ 7,780
2020	7,060
2021	5,424
2022	3,572
2023	3,040
Thereafter	3,967
Total	<u>\$ 30,843</u>

4. Fair Value Measurement of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). A fair value measurement reflects the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risk inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model.

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

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

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

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

The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. There have been no transfers of assets or liabilities between fair value measurement classifications during the year ended December 31, 2018.

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

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

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

As of December 31, 2018 and 2017, the Company had no outstanding foreign currency exchange forward contracts.

During the year ended December 31, 2018, the Company recorded net foreign currency transaction losses of approximately \$0.4 million, primarily related to outstanding intercompany loans that Ctrack has with certain of its subsidiaries, which are remeasured at each reporting period and payable upon demand. During the year ended December 31, 2017, the Company recorded net foreign currency transaction gains of approximately \$0.2 million, primarily related to outstanding intercompany loans that Ctrack has with certain of its subsidiaries.

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

Other Financial Instruments

The Company's financial assets and liabilities are carried at fair value or at amounts that, because of their short-term nature, approximate current fair value, with the exception of its \$105.1 million in Convertible Notes (as defined below) (see Note 5, *Debt*). The Company carries its Convertible Notes at amortized cost. The debt and equity components of the Convertible Notes were initially measured using Level 3 inputs and are not measured on a recurring basis. It is not practicable to determine the fair value of the Convertible Notes due to the lack of information available to calculate the fair value of such notes. The carrying value of the liability component of the Convertible Notes was \$93.1 million and \$84.8 million as of December 31, 2018 and 2017, respectively.

5. Debt

Short-Term Borrowings

DigiCore Secured Banking Facility

DigiCore has a secured banking facility with Absa Bank Limited in South Africa ("Absa"), which had a maximum borrowing capacity of \$1.0 million at December 31, 2018. The facility bears interest at the South Africa prime interest rate less 0.10% (10.15% at December 31, 2018) and is subject to renewal annually. At December 31, 2018 and 2017, \$1.0 million and \$1.9 million, respectively, was outstanding under this facility.

DigiCore Secured Overdraft Facility

DigiCore has a secured overdraft facility with Grindrod Bank Limited in South Africa, which had a maximum borrowing capacity of \$0.6 million at December 31, 2018. The facility bears interest at the South Africa prime interest rate plus 1.00% (11.25% at December 31, 2018), requires monthly interest and, in certain instances, minimum principal payments. The facility is subject to renewal annually. At December 31, 2018 and 2017, \$0.4 million and \$1.1 million, respectively, was outstanding under this facility.

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Long-Term Debt

Previous Credit Agreement

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

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

On August 23, 2017, upon entering into the Credit Agreement described below, the Company used a portion of the proceeds of the new Term Loan (as defined below) to repay all outstanding amounts under and terminate the Prior Credit Agreement. In connection with the termination of the Prior Credit Agreement, the Company recognized a loss on extinguishment of debt of approximately \$1.7 million, which is included in other income (expense), net, in the consolidated statements of operations. There was no early termination fee paid in connection with the termination of the Prior Credit Agreement.

Term Loan

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

The Term Loan is secured by a first priority lien on substantially all of the assets of the Company and the Guarantors, including equity interests in certain of the Company’s direct and indirect subsidiaries, in each case subject to certain customary exceptions and permitted liens. The Credit Agreement includes customary representations and warranties, a material adverse change clause, as well as customary reporting and financial covenants. The Company was in compliance with all customary reporting and financial covenants at December 31, 2018.

The Term Loan bears interest at a rate per annum equal to the three-month LIBOR, but in no event less than 1.00%, plus 7.625%. Interest on the Term Loan is payable on the last business day of each calendar month and on the Maturity Date. Principal on the Term Loan is payable on the Maturity Date.

As required by the terms of the Credit Agreement, during the year ended December 31, 2018, the Company repaid \$0.5 million of principal on the Term Loan in connection with the Settlement Agreement, as defined below (see Note 11, *Commitments and Contingencies*).

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

	December 31,	
	2018	2017
Principal	\$ 47,500	\$ 48,000
Less: unamortized debt discount and debt issuance costs	(2,454)	(3,945)
Net carrying amount	<u>\$ 45,046</u>	<u>\$ 44,055</u>

The effective interest rate on the Term Loan was 13.71% for the year ended December 31, 2018. The following table sets forth total interest expense recognized related to the Term Loan during the years ended December 31, 2018 and 2017 (in thousands):

	Year Ended December 31,	
	2018	2017
Contractual interest expense	\$ 4,684	\$ 1,511
Amortization of debt discount	1,331	472
Amortization of debt issuance costs	160	57
Total interest expense	<u>\$ 6,175</u>	<u>\$ 2,040</u>

Convertible Senior Notes

Novatel Wireless Notes

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

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

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

Inseego Notes

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

The Inseego Notes are governed by the terms of an indenture, dated January 9, 2017 (the “Inseego Indenture”), between the Company, as issuer, and Wilmington Trust, National Association, as trustee (the “Trustee”). The Inseego Notes are senior unsecured obligations of the Company and bear interest from, and including, December 15, 2016, at a rate of 5.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2017. The Inseego Notes permit the Company to have a senior credit facility up to a maximum amount of \$48.0 million. The Inseego Notes will mature

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on June 15, 2022, unless earlier converted, redeemed or repurchased.

The Inseego Notes will be convertible into cash, shares of the Company's common stock, or a combination thereof, at the election of the Company, at an initial conversion rate of 212.7660 shares of common stock per \$1,000 principal amount of the Inseego Notes, which corresponds to an initial conversion price of \$4.70 per share of the Company's common stock. The conversion rate is subject to adjustment from time to time upon the occurrence of certain events, including, but not limited to, the issuance of stock dividends and payment of cash dividends.

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

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

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

The Company may redeem all or a portion of the Inseego Notes at its option on or after June 15, 2018 if the last reported sale price per share of the Company's common stock equals or exceeds 140% of the conversion price for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately prior to the date on which the Company provides written notice of redemption, at a redemption price equal to 100% of the principal amount of the Inseego Notes to be redeemed, plus any accrued and unpaid interest on such Inseego Notes, subject to the right of holders as of the close of business on an interest record date to receive the related interest. In addition, if the Company calls the Inseego Notes for redemption, a "make-whole fundamental change" (as defined in the Inseego Indenture) will be deemed to occur. As a result, the Company will, in certain circumstances, increase the conversion rate for holders who convert their Inseego Notes in connection with such redemption.

The Inseego Notes are subject to repurchase by the Company at the option of the holders on June 15, 2020 (the "Optional Repurchase Date") at a repurchase price in cash equal to 100% of the principal amount of the Inseego Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the Optional Repurchase Date, subject to the right of holders of the Inseego Notes on a record date to receive interest through the corresponding interest payment date.

No "sinking fund" is provided for the Inseego Notes, which means that the Company is not required to periodically redeem or retire the Inseego Notes. If the Company undergoes a "fundamental change" (as defined in the Inseego Indenture), subject to certain conditions, holders may require the Company to repurchase for cash all or part of their Inseego Notes in principal amounts of \$1,000, or an integral multiple of \$1,000 in excess thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the Inseego Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date, subject to the right of holders as of the close of business on an interest record date to receive the related interest. In addition, every fundamental change is a make-whole fundamental change. As a result, the Company will, in certain circumstances, increase the conversion rate for holders who convert their Inseego Notes in connection with such fundamental change.

The Inseego Indenture contains certain covenants, effective until June 15, 2020, that limit the amount of debt, including secured debt, that may be incurred by the Company or its subsidiaries, and that limit the ability of the Company to pay dividends, repurchase its equity securities or make other restricted payments. The Company was in compliance with such covenants at December 31, 2018.

The Inseego Indenture also provides for customary events of default. If an event of default (other than certain events of bankruptcy, insolvency or reorganization involving the Company) occurs and is continuing, the Trustee, by notice to the

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

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

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

	December 31,	
	2018	2017
Liability component:		
Principal	\$ 105,125	\$ 105,125
Less: unamortized debt discount and debt issuance costs	(12,071)	(20,352)
Net carrying amount	<u>\$ 93,054</u>	<u>\$ 84,773</u>
Equity component	<u>\$ 41,905</u>	<u>\$ 41,905</u>

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

The effective interest rate on the liability component of the Convertible Notes was 15.11% for the year ended December 31, 2018. The following table sets forth total interest expense recognized related to the Convertible Notes during the years ended December 31, 2018 and 2017 (in thousands):

	Year Ended December 31,	
	2018	2017
Contractual interest expense	\$ 5,782	\$ 6,310
Amortization of debt discount	7,822	8,542
Amortization of debt issuance costs	459	502
Total interest expense	<u>\$ 14,063</u>	<u>\$ 15,354</u>

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At December 31, 2018, the minimum calendar year principal payments and maturities of long-term debt were as follows, assuming no repurchases or conversions of the Novatel Wireless Notes prior to June 15, 2020, the maturity date, or the Inseego Notes prior to June 15, 2022, the maturity date (in thousands):

2019	\$ —
2020	47,750
2021	—
2022	104,875
2023	—
Thereafter	—
Total	\$ 152,625

Note Purchase Agreement

On August 23, 2017, in connection with the Credit Agreement described above, the Company and certain of the Lenders entered into a Note Purchase Agreement (the “Note Purchase Agreement”) pursuant to which the Company repurchased approximately \$14.9 million of outstanding Inseego Notes from such Lenders in exchange for \$11.9 million deemed to have been loaned to the Company pursuant to the Credit Agreement and the accrued and unpaid interest on such notes. In connection with the repurchase of such notes, the Company recognized a loss on extinguishment of debt of approximately \$0.3 million, which is included in other income (expense), net, in the consolidated statements of operations.

6. Income Taxes

The Company’s loss before income taxes for the years ended December 31, 2018 and 2017 is comprised of the following (in thousands):

	Year Ended December 31,	
	2018	2017
Domestic	\$ (7,335)	\$ (40,034)
Foreign	7	(5,592)
Loss before income taxes	\$ (7,328)	\$ (45,626)

The provision for income taxes for the years ended December 31, 2018 and 2017 is comprised of the following (in thousands):

	Year Ended December 31,	
	2018	2017
Current:		
Federal	\$ —	\$ (760)
State	35	104
Foreign	766	551
Total current	801	(105)
Deferred:		
Federal	12	(117)
State	—	—
Foreign	2	436
Total deferred	14	319
Provision for income taxes	\$ 815	\$ 214

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

	December 31,	
	2018	2017
Deferred tax assets:		
Accrued expenses	\$ —	\$ 1,921
Provision for excess and obsolete inventory	2,710	2,577
Depreciation and amortization	1,426	4,610
Interest expense limitation	2,769	—
Net operating loss and tax credit carryforwards	86,385	86,966
Share-based compensation	1,218	1,034
Unrecognized tax benefits	1,163	1,108
Deferred tax assets	<u>95,671</u>	<u>98,216</u>
Deferred tax liabilities:		
Convertible Notes	—	(4,353)
Purchased intangible assets	(4,485)	(6,280)
Accrued expenses	(1,799)	—
Deferred tax liabilities	<u>(6,284)</u>	<u>(10,633)</u>
Valuation allowance	(93,844)	(92,844)
Net deferred tax liabilities	<u>\$ (4,457)</u>	<u>\$ (5,261)</u>

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

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

At December 31, 2018 and 2017, the Company recognized valuation allowances of \$2.9 million and \$16.4 million, respectively, related to its deferred tax assets created in those respective years. As a result, no net income tax benefits resulted in the Company's statements of operations from the operating losses created during those years.

The Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act, among other things, reduces the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, changes rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017, eliminates the corporate alternative minimum tax ("AMT") and changes how existing AMT credits can be realized, creates the base erosion anti-abuse tax (BEAT), a new minimum tax, and creates a new limitation on deductible interest expense.

The SEC issued Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act* ("SAB 118"), which provided guidance on accounting for the tax effects of the Tax Act. SAB 118 provided a measurement period, which ended in the fourth quarter of 2018.

The Company remeasured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. For certain deferred tax assets, the Company recorded a decrease of approximately \$38.8 million, with a corresponding adjustment to valuation allowance for the year ended December 31, 2017. The re-measurement of the Company's indefinite-lived deferred tax liabilities resulted in an immaterial deferred income tax benefit in 2017.

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The aggregate income tax benefit recorded by the Company in 2017 as a result of the Tax Act’s impact on its net deferred tax liabilities and the change in how AMT carryforwards are treated and monetized was approximately \$1.0 million. This amount was not further adjusted in 2018 when the SAB 118 calculation was finalized.

The Deemed Repatriation Transition Tax (“Transition Tax”) is a tax on previously untaxed accumulated and current earnings and profits (“E&P”) of certain of our foreign subsidiaries. The Company determined that it will not owe a Transition Tax since it has deficit E&P for its foreign subsidiaries that are subject to the tax. This conclusion was confirmed in 2018 when the SAB 118 calculation was finalized.

The provision for income taxes reconciles to the amount computed by applying the statutory federal income tax rate of 21% and 34% in 2018 and 2017, respectively, to loss before income taxes as follows (in thousands):

	Year Ended December 31,	
	2018	2017
Federal tax benefit, at statutory rate	\$ (1,555)	\$ (15,513)
State benefit, net of federal benefit	27	(211)
Foreign tax rate difference	24	336
Change in tax rate of net deferred tax assets	—	(38,772)
Valuation allowances offsetting tax rate change	—	38,772
Valuation allowance against future tax benefits	2,878	16,364
Research and development credits	(471)	(244)
Share-based compensation	121	876
Effect of Tax Act	—	(971)
Other	(209)	(423)
Provision for income taxes	<u>\$ 815</u>	<u>\$ 214</u>

At December 31, 2018, the Company had U.S. federal net operating loss carryforwards related to tax years 2018 and prior of approximately \$350.3 million, which begin to expire in 2021, unless previously utilized, California net operating loss carryforwards of approximately \$38.9 million, which begin to expire in 2028, unless previously utilized, and foreign net operating losses for its foreign subsidiaries of approximately \$53.1 million, which generally have no expiration date. At December 31, 2018, the Company had California research and development tax credit carryforwards of approximately \$10.9 million, which have no expiration date, and federal research and development tax credit carryforwards of approximately \$9.4 million, which begin to expire in 2026, unless previously utilized.

Pursuant to Internal Revenue Code (“IRC”) Sections 382 and 383, annual use of the Company’s net operating loss and research and development credit carryforwards may be limited in the event a cumulative change in ownership of more than 50% occurs within a rolling three-year period. The analysis was performed for the period through December 31, 2018. The analysis did not identify any events of cumulative change in ownership during the review period. The Company will continue monitoring any future changes in stock ownership.

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

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

The Company follows the accounting guidance related to financial statement recognition, measurement and disclosure of uncertain tax positions. The Company recognizes the impact of an uncertain income tax position on an income tax return at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. No income tax benefit was recognized during the years ended December 31, 2018 and 2017. At December 31, 2018 and 2017, the Company did not have interest

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expense related to uncertain tax positions or a liability for unrecognized tax benefits. The Company does not expect changes to its uncertain tax position in the next twelve months.

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

Balance at December 31, 2016	\$ 36,291
Increases related to current and prior year tax positions	291
Balance at December 31, 2017	36,582
Increases related to current and prior year tax positions	324
Balance at December 31, 2018	\$ 36,906

There are no tax benefits that, if recognized, would affect the effective tax rate that are included in the balances of unrecognized tax benefits at December 31, 2018.

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

7. Stockholders' Equity

Preferred Stock

The Company has a total of 2,000,000 shares of preferred stock authorized for issuance at a par value of \$0.001 per share, 150,000 of which have been designated Series D Preferred Stock. No preferred shares are currently issued or outstanding.

Rights Agreement

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

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

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

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Common Shares Reserved for Future Issuance

The Company had reserved shares of common stock for possible future issuance as of December 31, 2018 and 2017 as follows:

	December 31,	
	2018	2017
Common stock warrants outstanding	5,815,283	1,886,630
Stock options outstanding	8,796,212	6,566,483
Restricted stock units outstanding	454,382	1,055,977
Shares available for issuance pursuant to Convertible Notes	40,649,225	40,649,225
Shares available for future grants of awards under the 2015 Incentive Compensation Plan	1,943,085	1,973,537
Shares available for future grants of awards under the 2018 Omnibus Incentive Compensation Plan	3,224,425	3,816,243
Shares available under the 2000 Employee Stock Purchase Plan	825,537	857,638
Total shares of common stock reserved for issuance	<u>61,708,149</u>	<u>56,805,733</u>

8. Share-based Compensation

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

Under the 2015 Plan and the 2018 Plan, a maximum of 4,000,000 shares and 18,523,000 shares, respectively, of common stock may be issued upon the exercise of stock options, in the form of restricted stock, or in settlement of RSUs or other awards, including awards with alternative vesting schedules such as performance-based criteria.

For the years ended December 31, 2018 and 2017, the following table presents total share-based compensation expense in each functional line item on the consolidated statements of operations (in thousands):

	Year Ended December 31,	
	2018	2017
Cost of revenues	\$ 390	\$ 182
Research and development	1,017	749
Sales and marketing	970	747
General and administrative	2,499	1,901
Restructuring charges	—	169
Total	<u>\$ 4,876</u>	<u>\$ 3,748</u>

Stock Options

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

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

	Year Ended December 31,	
	2018	2017
Expected dividend yield	—%	—%
Risk-free interest rate	2.8%	1.8%
Volatility	84%	108%
Expected term (in years)	5.8	5.0

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The weighted-average fair value of stock option awards granted during the years ended December 31, 2018 and 2017 was \$1.56 and \$0.89, respectively.

The following table summarizes the Company's stock option activity for the years ended December 31, 2018 and 2017 (dollars in thousands, except per share data):

	Stock Options Outstanding	Weighted- Average Exercise Price Per Option	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding — December 31, 2017	6,566,483	\$ 1.77		
Granted	5,106,892	2.18		
Exercised	(1,611,731)	1.25		
Canceled	(1,265,432)	1.80		
Outstanding — December 31, 2018	<u>8,796,212</u>	\$ 2.10	8.44	<u>\$ 19,124</u>
Vested and Expected to Vest — December 31, 2018	<u>7,407,752</u>	\$ 2.10	8.25	<u>\$ 16,269</u>
Exercisable — December 31, 2018	<u>2,748,498</u>	\$ 2.30	6.46	<u>\$ 6,145</u>

During the year ended December 31, 2017, 146,039 shares were issued upon the exercise of stock options. The total intrinsic value of stock options exercised to purchase common stock during the years ended December 31, 2018 and 2017 was approximately \$2.4 million and \$0.1 million, respectively.

As of December 31, 2018, total unrecognized share-based compensation expense related to non-vested stock options was \$5.5 million, which is expected to be recognized over a weighted-average period of approximately 2.8 years. The Company recognized approximately \$2.5 million and \$2.3 million of share-based compensation expense related to the vesting of stock option awards during the years ended December 31, 2018 and 2017, respectively.

Restricted Stock Units

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

A summary of restricted stock unit activity under all plans for the year ended December 31, 2018 is presented below:

	Number of Shares	Weighted- Average Grant-Date Fair Value
Non-vested — December 31, 2017	1,055,977	\$ 2.06
Granted	966,747	2.01
Vested	(1,110,138)	1.96
Forfeited	(458,204)	2.07
Non-vested — December 31, 2018	<u>454,382</u>	\$ 2.17

During the year ended December 31, 2017, the weighted-average grant-date fair value of RSUs granted was \$1.83. During the years ended December 31, 2018 and 2017, the total fair value of shares vested was \$2.1 million and \$3.0 million, respectively.

As of December 31, 2018, there was \$0.5 million of unrecognized share-based compensation expense related to non-vested RSUs, which is expected to be recognized over a weighted-average period of 1.6 years. The Company recognized approximately \$2.2 million and \$1.3 million of share-based compensation expense related to the vesting of RSUs during the years ended December 31, 2018 and 2017, respectively.

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2000 Employee Stock Purchase Plan

The ESPP permits eligible employees of the Company to purchase newly issued shares of common stock, at a price equal to 85% of the lower of the fair market value on (i) the first day of the offering period or (ii) the last day of each six-month purchase period, through payroll deductions of up to 10% of their annual cash compensation. Under the ESPP, a maximum of 5,324,000 shares of common stock may be purchased by eligible employees.

During the years ended December 31, 2018 and 2017, the Company issued 282,101 shares and 232,038 shares, respectively, under the ESPP. The Company recognized approximately \$0.2 million and \$0.1 million of share-based compensation expense related to the ESPP during the years ended December 31, 2018 and 2017, respectively.

9. Earnings per Share

Basic 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 and treasury stock method and warrants, stock options and RSUs calculated using the treasury stock method) are excluded from the diluted EPS computation in loss periods and when the applicable exercise price is greater than the market price on the period end date as their effect would be anti-dilutive.

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

	Year Ended December 31,	
	2018	2017
Net loss attributable to Inseego Corp.	\$ (8,058)	\$ (45,735)
Weighted-average common shares outstanding	66,104,376	58,718,483
Basic and diluted net loss per share	<u>\$ (0.12)</u>	<u>\$ (0.78)</u>

For the year ended December 31, 2018, the computation of diluted EPS excluded 38,152,087 shares, primarily related to Convertible Notes, warrants, stock options and RSUs for which the effect would have been anti-dilutive.

10. Private Placement

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

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

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11. Commitments and Contingencies

Capital Leases

The Company has vehicles and equipment under capital leases that were assumed through its acquisition of Ctrack. The future minimum payments under capital leases were as follows at December 31, 2018 (in thousands):

2019	\$ 1,137
2020	476
2021	165
2022	94
2023	10
Thereafter	—
Total minimum capital lease payments	<u>1,882</u>
Less: amounts representing interest	(181)
Present value of net minimum capital lease payments	<u>\$ 1,701</u>

The present value of net minimum capital lease payments at December 31, 2018 consists of approximately \$1.0 million included in accrued expenses and other current liabilities in the consolidated balance sheet and approximately \$0.7 million included in long-term liabilities in the consolidated balance sheet.

Operating Leases

The Company leases its office space and certain equipment under non-cancellable operating leases with various terms through 2023. The minimum annual rent on the Company's office space is subject to increases based on stated rental adjustment terms, property taxes and operating costs and contains rent concessions. For financial reporting purposes, rent expense is recognized on a straight-line basis over the term of the lease. Accordingly, rent expense recognized in excess of rent paid is reflected as deferred rent. During the years ended December 31, 2018 and 2017, rent expense under operating leases was \$2.1 million and \$2.7 million, respectively. The Company's office space lease contains incentives in the form of reimbursement from the landlord for a portion of the costs of leasehold improvements incurred by the Company which are recorded to rent expense on a straight-line basis over the term of the lease.

The future minimum payments under non-cancellable operating leases were as follows at December 31, 2018 (in thousands):

2019	\$ 2,666
2020	1,382
2021	645
2022	341
2023	95
Thereafter	—
Total	<u>\$ 5,129</u>

Tariffs

In September 2018, the Office of the U.S. Trade Representative (the "USTR") enacted tariffs on imports into the U.S. from China, including communications equipment products and components manufactured and imported from China. The tariff became effective in September 2018, with an initial rate of 10% and was scheduled to increase from 10% to 25% on January 1, 2019. However, the scheduled increase has been delayed indefinitely.

The Company has taken actions that it believes have completely mitigated the impact of such tariffs. These actions include moving the Company's contract manufacturing out of mainland China and working directly with U.S. Customs and Border Protection ("CBP") to address the harmonized tariff codes used for its products. The ruling requests the Company has filed with the CBP have not yet been ruled upon, however there have been recent favorable CBP rulings for products that are similar or identical to the Company's, and based on those rulings, the Company believes that its position that it is not probable that it will have to pay the new tariff is supportable. If the CBP does not rule in the Company's favor, it would be required to pay tariffs of approximately \$3.7 million based on the initial tariff rate.

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Legal

The Company is currently named as a defendant or co-defendant in a patent infringement lawsuit in the United States and is indirectly participating in other U.S. patent infringement actions pursuant to its contractual indemnification obligations to certain customers. Based on an evaluation of these matters and discussions with the Company’s intellectual property litigation counsel, the Company believes that liabilities arising from or sums paid in settlement of these existing matters would not have a material adverse effect on its consolidated results of operations or financial condition, other than those discussed below.

On May 27, 2015, a patent infringement action was brought against Novatel Wireless by Carucel Investments, L.P. (“Carucel”), a non-practicing entity (*Carucel Investments, L.P. v. Novatel Wireless, Inc., et al., U.S.D.C. S.D. Florida, Civil Action No. 0:15-cv-61116-BB*). The complaint alleged that certain MiFi mobile hotspots manufactured by Novatel Wireless infringed claims of patents owned by Carucel. On April 10, 2017, judgment was entered in favor of Novatel Wireless. Carucel filed to appeal certain orders in the litigation and on July 13, 2018, the U.S. Federal Circuit Court of Appeals affirmed the judgment.

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

Indemnification

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

12. Geographic Information and Concentrations of Risk

Geographic Information

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

	December 31,	
	2018	2017
United States and Canada	\$ 79,809	\$ 65,208
South Africa	56,937	68,186
Other	25,510	24,813
	<u>\$ 162,256</u>	<u>\$ 158,207</u>

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

	Year Ended December 31,	
	2018	2017
United States and Canada	\$ 139,246	\$ 156,661
South Africa	38,608	39,182
Other	24,609	23,454
Total	<u>\$ 202,463</u>	<u>\$ 219,297</u>

Concentrations of Risk

For the years ended December 31, 2018 and 2017, one customer accounted for 48.8% and 51.2% of net revenues, respectively. At December 31, 2018, two customers accounted for 30.5% and 12.8% of total accounts receivable. At December 31, 2017, one customer accounted for 23.9% of total accounts receivable.

13. Retirement Savings Plan

The Company has a defined contribution 401(k) retirement savings plan (the "Plan"). Substantially all of the Company's U.S. employees are eligible to participate in the Plan after meeting certain minimum age and service requirements. The Company matches 50% of the first 6% of an employee's designated deferral of their eligible compensation. Employees may make discretionary contributions to the Plan subject to Internal Revenue Service limitations. Employer matching contributions under the Plan amounted to approximately \$0.4 million and \$0.5 million for the years ended December 31, 2018 and 2017, respectively. Employer matching contributions vest immediately.

14. Restructuring

In the third quarter of 2015, the Company approved a restructuring initiative to better position the Company to operate in current market conditions and more closely align operating expenses with revenues, which included employee severance costs and facility exit related costs. In the fourth quarter of 2015, the Company commenced certain initiatives relating to the reorganization of executive level management (collectively, the "2015 Initiatives"). The Company continued these initiatives in 2016 with a reduction-in-force and the completion of the closure of its facility in Richardson, TX. The 2015 Initiatives are expected to cost a total of approximately \$6.1 million and be completed when the Richardson, TX lease expires in June 2020.

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

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

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The following table sets forth activity in the restructuring liability for the year ended December 31, 2018 (in thousands):

	Balance at December 31, 2017	Costs Incurred	Payments	Translation Adjustment	Balance at December 31, 2018	Cumulative Costs Incurred to Date
2015 Initiatives						
Employee Severance Costs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,131
Facility Exit Related Costs	981	114	(461)	—	634	1,842
2017 Initiatives						
Employee Severance Costs	287	61	(359)	11	—	3,412
Facility Exit Related Costs	106	2	(108)	—	—	285
Other Related Costs	160	20	(180)	—	—	675
2018 Initiatives						
Employee Severance Costs	—	994	(960)	(34)	—	994
Total	\$ 1,534	\$ 1,191	\$ (2,068)	\$ (23)	\$ 634	\$ 11,339

The balance of the restructuring liability at December 31, 2018 consists of approximately \$0.4 million included in accrued expenses and other current liabilities in the consolidated balance sheet and approximately \$0.2 million included in long-term liabilities in the consolidated balance sheet.

During the year ended December 31, 2018, the Company wrote down the value of certain inventory by approximately \$0.4 million related to the abandonment of certain product lines that management decided to exit. During the year ended December 31, 2017, the Company sold certain inventory that had been written down related to the abandonment of certain product lines that management decided to exit, net of the value of additional inventory related to the abandonment of certain product lines that management decided to exit, resulting in a net recovery of approximately \$0.3 million. The Company accounted for the adjustments in accordance with the ASC 330, *Inventory*, and included the adjustments in impairment of abandoned product line, net of recoveries, within cost of net revenues in the consolidated statements of operations.

15. Quarterly Financial Information (Unaudited)

The following is a summary of unaudited quarterly results of operations for the years ended December 31, 2018 and 2017:

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

	2017			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share amounts)			
Net revenues	\$ 55,389	\$ 59,913	\$ 57,461	\$ 46,534
Gross profit	16,186	17,229	16,372	17,548
Net loss attributable to Inseego Corp.	(16,100)	(12,024)	(13,789)	(3,822)
Basic and diluted net loss per share	(0.28)	(0.21)	(0.23)	(0.06)

