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, 2020

OR

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

For the transition period from to

Commission file number: 001-38358

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

Delaware	**81-3377646**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
12600 Deerfield Parkway, Suite 100 Alpharetta, Georgia	**30004**
(Address of Principal Executive Offices)	**(Zip Code)**

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

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

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

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x 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 x

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

Indicate by check mark whether the registrant has submitted electronically 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 x No ☐

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issue its audit report. x

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

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 30, 2020, as reported by The Nasdaq Global Select Market, was approximately $792.0 million. For the purposes of this calculation, shares owned by officers and directors (and their affiliates) have been excluded. This exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant. The registrant does not have any non-voting common stock outstanding.

The number of shares of the registrant's common stock outstanding as of February 23, 2021 was 101,932,128.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2021 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A are incorporated by reference into Part III of this Form 10-K to the extent stated herein.

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Forward-Looking Statements

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

- our ability to compete in the market for wireless broadband data access products, wireless modem products, and asset management, monitoring, telematics, vehicle tracking and fleet management products;
- our ability to develop and introduce new products and services successfully;
- our ability to meet the price and performance standards of the evolving 5G New Radio (“5G NR”) products and technologies;
- our ability to expand our customer reach/reduce customer concentration;
- our ability to grow the Internet of Things (“IoT”) and mobile portfolio outside of North America;
- our ability to grow our Ctrack/asset tracking solutions within North America;
- our dependence on a small number of customers for a substantial portion of our revenues;
- our ability to make scheduled payments on or to refinance our indebtedness, including our convertible notes obligations;
- our ability to introduce and sell new products that comply with current and evolving industry standards and government regulations;
- our ability to develop and maintain strategic relationships to expand into new markets;
- our ability to properly manage the growth of our business to avoid significant strains on our management and operations and disruptions to our business;
- our reliance on third parties to manufacture our products;
- our contract manufacturers’ ability to secure necessary supply to build our devices;
- our ability to mitigate the impact of tariffs or other government-imposed sanctions;
- our ability to accurately forecast customer demand and order the manufacture and timely delivery of sufficient product quantities;
- our reliance on sole source suppliers for some products and devices used in our solutions;
- the continuing impact of uncertain global economic conditions on the demand for our products;
- the impact of geopolitical instability on our business;
- the emergence of global public health emergencies, such as the outbreak of the 2019 novel coronavirus (2019-nCoV), now known as “COVID-19”, which could extend lead times in our supply chain and lengthen sales cycles with our customers;
- direct and indirect effects of COVID-19 on our employees, customers and supply chain and the economy and financial markets;
- the impact that new or adjusted tariffs may have on the costs of components or our products, and our ability to sell products internationally;
- our ability to be cost competitive while meeting time-to-market requirements for our customers;

- our ability to meet the product performance needs of our customers in wireless broadband data access in industrial IoT (“IIoT”) 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”, “Inseego Subscribe”, “Inseego Manage™”, the Inseego logo, “DigiCore”, “Novatel Wireless”, the Novatel Wireless logo, “MiFi”, “MiFi Intelligent Mobile Hotspot”, “Ctrack”, the Ctrack logo, “Inseego North America”, and “Skyus” are trademarks or registered trademarks of Inseego and its subsidiaries. Other trademarks, trade names or service marks used in this report are the property of their respective owners.

PART I

Item 1. *Business*

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

Overview

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

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

Industry Trends

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

Looking forward, Inseego is working with leading global service providers and enterprises in the mobile and FWA ecosystems to further develop, commercialize and accelerate the availability of 5G NR based solutions, which represents the next generation of mobile technology. 5G has been coined "the 4^{th} industrial revolution" due to the richness of use cases targeted, and refers to 5G NR, which is the standard adopted by the 3rd Generation Partnership Project ("3GPP"), an international consortium responsible for the development of mobile standards. 5G has been designed to support multi-gigabit data rates, sub-millisecond network latency and wider spectrum bandwidths. Incorporating many of the innovations developed for 4G LTE, 5G is also expected to be scalable and adaptable across a variety of use cases, which include, among others, empowering new industries and services, such as autonomous vehicles, telemedicine, live ultra-high definition video streaming, cloud gaming, edge computing, and countless industrial applications such as augmented reality and robotics for smart manufacturing. According to coverage maps posted on each carrier's website, as of February 2021, Verizon Wireless' commercial 5G network was live in 57 cities, including San Diego, AT&T's reached 179 million people and T-Mobile/Sprint's reached 280 million people.

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

The growing demand for high speed data, increased demand for machine-to-machine communications and low latency requirements for new applications are key factors contributing to the growth of the 5G. 4G LTE is expected to continue to operate alongside 5G as a major part of the wireless ecosystem. Based on industry reports, such as GSMA Intelligence's report on *The 5G era in the US*, we believe that 4G and 5G networks will coexist and remain complementary for many years. This means that operators will be able to service a significant share of the data traffic on 4G networks, leaving 5G with the dual remit of absorbing overflow capacity and underpinning consumer and enterprise services that require higher speeds and/or lower latency. As such, most 5G devices are expected to include multimode support for 4G and Wi-Fi, enabling service continuity where 5G has yet to be deployed and simultaneous connectivity across 4G and Wi-Fi technologies, while also allowing mobile operators to utilize current network deployments. At the same time, 4G is expected to continue to evolve in parallel with the development of 5G and become fundamental to many of the key 5G technologies, such as support for unlicensed spectrum, gigabit LTE user data rates (currently available from Inseego) and cellular IoT with connectivity designed to meet the needs of ultra-low power and low cost applications.

Further, based on GSMA Intelligence's November 2020 paper titled *Internet of Things in the 5G Era*, we expect that the number of IoT connections could grow to 25.2 billion by 2025. As of September 30, 2020, there were approximately 6.2 billion 4G connections globally, representing 78% of total mobile connections (GSMA Intelligence, November 2020). By 2024, global 4G connections are projected to reach 6.5 billion, with approximately 89% of these connections in emerging regions and China (GSMA Intelligence, November 2020). Meanwhile, 5G is gaining pace and by 2025, 5G is expected to account for 20% of global connections, with take-up particularly strong across Asia, North America, and Europe. Based on reports such as those by GSMA Intelligence, we believe that 5G will bring a number of enhanced benefits not available using 4G networks including massive numbers of both fixed and mobile wireless devices with differing speed, bandwidth and quality of service demands, allowing the networks to provide support for "massive numbers of IoT devices and wireless edge technologies" for use cases including manufacturing, augmented and virtual reality, and autonomous vehicles.

As a core member of the 5G ecosystem, we continue to work closely with wireless operators, chipset suppliers and infrastructure vendors around the world on 5G developments and trials in preparation for commercial network launches. We are currently working with 11 wireless carriers globally and are involved in 21 5G trials, which could provide access to over 600 million wireless subscribers. Beyond 2020, over 50 wireless operators are contemplating commercial 5G network launches—potentially providing 5G access to over 2 billion wireless subscribers. According to Ericsson's Mobility Report November 2019 Edition, this migration to 5G is roughly twice as fast as that of previous wireless generations, and we are increasingly diversifying our business as this 5G opportunity comes into realization and our addressable market expands.

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

Since January 1, 2020, demand has significantly increased for products and services in our industry, driven by an increase in the number of professionals globally that are working from home. We are continually looking for ways to capitalize on this increased demand.

Our Strategy

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

The key elements of our strategy are to:

- *Capitalize on our direct relationships with wireless operators, original equipment manufacturers ("OEMs") and component suppliers.* We intend to continue to capitalize on our direct and long-standing relationships with wireless operators, OEMs and component suppliers in order to strengthen our worldwide market position, using these long standing relationships to springboard both the expansion of the 4G and 4G LTE platforms globally, and influence the adoption of our 5G NR products around the world.
- *Expand our IoT solutions portfolio by leveraging our core mobile technologies and platforms developed for our mobile portfolio.* We intend to expand our IoT solutions portfolio with end-to-end solutions that include edge devices based on the latest mobile technologies and cloud solutions.

- *Aggressively expand our go-to-market offerings through sales and marketing expansion, channel development and strategic partnerships*. We intend to expand our go-to-market IoT, mobile and cloud offerings in North America as well as in international markets.
- *Improve SaaS solution penetration*. Through our Ctrack telematics and asset tracking platform and subscription management solutions, we provide customers around the world with actionable insights and workflow efficiencies with high security from our cutting-edge cloud platforms.
- *Increase the value of our offerings.* As we seek to capitalize on potential growth opportunities, we continue to develop cutting edge IoT, mobile and cloud solutions, with specific focus on end-to-end solutions that enable the best IoT and mobile experience for our customers. In addition, our complete portfolio of advanced 4G solutions in conjunction with our new 5G solution portfolio opens us up to larger worldwide potential markets. Finally, continued investment within both edge devices and cloud platform solutions in predictive analytics, machine learning, and edge intelligence should expand our market opportunities.

Our Sources of Revenue

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

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

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

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

We classify our revenues from the sale of our products and services into two distinct groupings, specifically IoT & Mobile Solutions and Enterprise SaaS Solutions. Both IoT & Mobile Solutions and Enterprise SaaS Solutions revenues include any hardware and software required for the respective solution. Effective in the third quarter ended on September 30, 2020, our IoT & Mobile Solutions now also includes our Device Management System, rebranded as Inseego Subscribe™, a hosted SaaS platform that helps organizations manage the selection, deployment and spend of their customer's wireless assets, helping them save money on personnel and telecom expenses. We reclassified our Inseego Subscribe revenue stream, from Enterprise SaaS solutions, to better reflect our end user delineation.

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

For the years ended December 31, 2020 and 2019, the Company's total net revenues were $313.8 million and $219.5 million, respectively.

Our Business

IoT and Mobile Business

Our IoT business focuses on addressing applications for a variety of markets including large enterprise verticals and IIoT 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 an 11.3% compound annual growth rate between 2020 and 2024, surpassing $1.1 trillion (as reported by International Data Corporation, 2019). With many enterprise customers using our solutions, we believe that we already have a solid footing in this market. We are continuing to invest and grow this portfolio to realize the opportunities in the growing IoT market.

Our mobile business has been driving advanced mobile technologies for a multitude of consumer and enterprise applications for over 20 years. In the 2000s, Inseego invented mobile hotspots sold under the MiFi brand. During the 2010s, Inseego was a leader in the 4G mobile hotspot market—delivering the highest 4G mobile hotspot performance in the market. In 2019, Inseego developed and produced the world's first 5G mobile hotspot, which provides download speeds at least 58% faster than those of our competitors, according to internal testing results.

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

Telematics and Asset Tracking Business

Inseego entered the telematics software and services industry through the acquisition of DigiCore Holdings Limited (which was renamed Ctrack Holdings (Pty) Ltd ("Ctrack" or "DigiCore")) 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, and Australia/New Zealand, and using distributors in emerging markets such as Asia and the balance of the African continent.

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

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

Sales and Marketing

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

Competition

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

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

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

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

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

Research and Development

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

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

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

Intellectual Property

Our solutions rely on and benefit from our portfolio of intellectual property, including patents and trademarks. We currently own 55 patents and have 19 patent applications pending. The patents that we currently own will expire at various times between 2021 and 2035.

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

Key Partners and Customers

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

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

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

A significant portion of our revenue during the year ended December 31, 2020 came from one customer, Verizon Wireless, which represented approximately 55% of our total revenues for the year ended December 31, 2020. It is our intention to diversify our customer base.

Manufacturing and Operations

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

We outsource our manufacturing in an effort to:

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

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

Employees

At December 31, 2020, we had 1,015 employees of which 998 were full-time 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.

Human Capital Resources

Our Culture: Culture is critically important to our growth and performance. We are driven by our values of Accountability, Sense of Urgency, Market Driven Innovation, Customer Focus, and Integrity. We are committed to creating a world class employee experience through leadership development, career planning, open two-way communications, total compensation, and positive work environment.

In our latest engagement survey, our employees answered favorably to questions on Work Environment & Communications where the average score was over 91%.

Diversity & Inclusion: Our Come Together initiative was launched in 2020. Come Together gives employees the opportunity to participate in workstreams whose goals are to create a culture of belonging. Each workstream is led by employee volunteers with a passion for diversity and inclusion and reach beyond Inseego team members. The different workstreams are: Community Engagement, Employee Development, Recruiting, Women in Technology, and Affinity Groups. The foundation has been set in 2020 to accelerate important work in this area in 2021 and beyond.

Talent: We believe that Talent is key to our success. It starts with finding and placing the right Talent for the right jobs at the right time. We communicate our value proposition in a clear and concise manner. The expected growth in the 5G Market creates a unique opportunity for candidates and employees of Inseego to have a career at the forefront of a dynamic industry. Our company size and culture allows employees to build and expand their skill set in ways that will enrich their careers. In 2020, we initiated Talent Reviews with Senior Leaders to holistically evaluate the talent across the company. This will enable the company to focus on accelerating development for those who are top performers and strengthen the talent pipeline.

Work Life Harmony: We believe that it is important to provide Work Life Harmony and its practices can vary globally. In the US, employees have Friday 'summer hours' where two hours in the afternoon are blocked from meetings to ensure that there is "work" and "think" time. This time can be used to catch up on tasks, conduct a review of the past week, and plan for the following week. During 2020, the Company launched an Unlimited Paid Time Off program for exempt employees in the U.S. This program gives team members the flexibility to take time off that makes sense for them and frees employees from the confines of traditional accrued time off policies.

In 2020, Inseego also launched the Health & Wellness Initiative in the U.S. to help employees find ways to create more balance in their lives. As part of this initiative, all employees were given a complimentary Calm App membership that includes useful resources designed to strengthen mental fitness and provide tools to tackle stress.

Data & Insights: In 2020 Inseego consolidated multiple human resource systems to a common platform. This will allow the Company to deliver real time employee self-service and data and insights to management. The migration to one platform will enable the human resources team to obtain valuable employee insights and enact changes more quickly.

Website Access to SEC Filings

We file annual, quarterly and special reports, proxy statements and other information with the SEC. The SEC maintains an Internet website at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including Inseego. 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.

SUMMARY OF RISK FACTORS

Risks Related 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- If we are unable to protect our intellectual property and proprietary rights, our competitive position and our business could be harmed.
- The mobile hotspot business is subject to a number of challenges that are difficult to overcome.
- Our debt service requirements are significant, and we may not have sufficient cash flow from our business to pay our substantial debt.
- Uncertainties relating to recent changes in our management team may adversely affect our operations.

Risks Related to Corporate Development Activities

- 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.
- 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.
- We cannot provide any assurance that we will be successful in divesting assets we wish to sell, including the divestiture of our Ctrack South African Operations.

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

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.
- 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.
- Loss of, or a significant reduction in business from, one or more enterprise or government customers could adversely affect our revenue and profitability.
- The marketability of our products may suffer if wireless telecommunications operators do not deliver acceptable wireless services.
- 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.

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 have been moving production to one or more new contract manufacturers, which exposes us to a number of risks and uncertainties outside our control.
- We 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.
- The effects of COVID-19 and other potential future public health crises, epidemics, pandemics or similar events on our business, operating results and cash flows are uncertain.
- 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.
- 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 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.
- Our “over-the-air” transmission of firmware updates could permit a third party to disable our customers’ in-vehicle devices or introduce malware into our customers’ in-vehicle devices, which could expose us to widespread loss of service and customer claims.
- 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.
- 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.
- 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.
- 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.

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.
- Fluctuations in foreign currency exchange rates, especially the South African Rand against the U.S. Dollar, could adversely affect our results of operations.
- Unionization efforts in certain countries in which we operate could materially increase our costs or limit our flexibility.

Risks Related to Regulations, Taxation and Accounting Matters

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

- A lack of growth, high inflation or increased interest rates in the South Africa economy could reduce our anticipated revenue and increase our operating costs.
- 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.
- Enhanced United States fiscal, tax and trade restrictions and executive and legislative actions could adversely affect our business, financial condition, and results of operations.

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 price of our stock may be vulnerable to manipulation, including through short sales.
- Future settlements of any conversion obligations with respect to the 2025 Notes may result in dilution to existing stockholders, lower prevailing market prices for our common stock or require a significant cash outlay.
- 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.
- Ownership of our common stock is concentrated, and as a result, certain stockholders may exercise significant influence over us.
- Our outstanding Series E Preferred Stock or future equity offerings could adversely affect the holders of our common stock in some circumstances.

RISKS RELATED 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 divestitures or acquisitions of businesses, solutions or technologies;
- our ability to successfully launch new services or solutions or sell existing services or solutions into additional geographies or vertical markets;
- the timing and cost of developing or acquiring technologies, services or businesses;
- the timing, operating costs, and capital expenditures related to the operation, maintenance and expansion of our business;
- service outages or security breaches and any related occurrences which could impact our reputation;
- the impact of worldwide economic, industry, and market conditions, including disruptions in financial markets and the deterioration of the underlying economic conditions in some countries, and those conditions specific to Internet usage and online businesses;
- the emergence of global public health emergencies, such as the outbreak of COVID-19, which could extend lead times in our supply chain and lengthen sales cycles with our customers;
- fluctuations in currency exchange rates, particularly the South African Rand to U.S. Dollar exchange rate;
- trade protection measures (such as tariffs and duties) and import or export licensing requirements;
- costs associated with defending intellectual property infringement and other claims;
- changes in laws 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 five 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our 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.

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

During the second quarter of 2020, we issued $180.4 million of 3.25% convertible senior notes due 2025 (the “2025 Notes”) and used a portion of the proceeds to repay our previous term loan in full and retire the 5.5% convertible senior notes due 2022 (the “2022 Notes” formerly referred to as the “Inseego Notes”). Our ability to make scheduled payments on, or to refinance our indebtedness, 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. Any default under such indebtedness 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 three years, we have experienced significant turnover and additions to our senior management. While we expect to engage in an orderly transition process as we integrate newly appointed officers and managers, we face a variety of risks and uncertainties relating to the lack of management continuity, including diversion of management attention from business concerns, failure to retain other key personnel or inability to hire new key personnel. These risks and uncertainties could result in operational and administrative inefficiencies and added costs, which could adversely impact our results of operations, stock price and customer relationships.

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, including the Ctrack Transaction (defined and discussed below). 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, including the Ctrack Transaction, 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.

We cannot provide any assurance that we will be successful in divesting assets we wish to sell, including the divestiture of our Ctrack South African Operations.

On February 24, 2021, we entered into a Share Purchase Agreement pursuant to which an affiliate of Convergence Partners ("Convergence"), an investment management firm in South Africa, has agreed to acquire the South African operations of Ctrack, in an all-cash transaction for 528.9 million South African Rand (ZAR) (approximately $36.2 million United States Dollar ("USD") based on an exchange rate on February 24, 2021 of 14.62 ZAR to 1 USD) (the "Ctrack Transaction"). The Ctrack Transaction is subject to certain closing conditions, including, among other things, regulatory approvals and Convergence closing a new $100 million investment fund. There can be no assurance that the conditions to the closing of the Ctrack Transaction will ever be satisfied or waived, and, therefore, the Ctrack Transaction may never be consummated.

If the Ctrack Transaction with Convergence is not consummated, our business may be materially affected. In addition to not realizing any of the benefits of completing the Ctrack Transaction, our business may be subject to several additional risks, including reputational risks and negative publicity, difficulties in finding other acquirors or alternative exit strategies for the Ctrack business on terms that are favorable to us, additional expenses, such as legal, accounting and financial advisory fees, and negative reactions from our customers, suppliers or employees. Each of these risks could harm our ability to achieve our planned strategic objectives, which, in turn, could adversely impact our ongoing business, financial condition, results of operations and the market price of our common stock.

Even if the Ctrack Transaction is consummated, the Ctrack Transaction may never achieve some or all of its anticipated benefits. It is anticipated that the Company would provide transition services for at least a six month period following the consummation of the Ctrack Transaction, which could create additional and ongoing operational risks. In addition, the Ctrack Transaction only involves the sale of Ctrack's South African operations, and portions of the Ctrack operations would remain with the Company following the consummation of the Ctrack Transaction. These remaining Ctrack operations would need to be rebranded, which could create operational and reputational risks for the Company.

See "Item 15. Subsequent Events–Sale of Ctrack South Africa Operations" for further information.

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

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

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

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

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

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

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

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

RISKS RELATED TO OUR CUSTOMERS AND DEMAND FOR OUR SOLUTIONS

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

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

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

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

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

As a result of the significant revenues associated with our MiFi business, sales to Verizon Wireless accounted for 55% and 53% of our consolidated net revenues for each of the years ended December 31, 2020 and 2019, respectively. While we have accelerated our engagements with prospective new MiFi customers and continue to focus on growing revenue in other parts of our business, we expect that Verizon Wireless will continue to account for a substantial portion of our net revenues, and any impairment of our relationship with Verizon Wireless would adversely affect our business. Additionally, any change in the forecasted or actual product sell-through of Verizon Wireless could have a detrimental impact on our revenue, bottom line and cash position.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATED TO DEVELOPING, MANUFACTURING AND DELIVERING OUR SOLUTIONS

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

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

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

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

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

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

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

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

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

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

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

The effects of COVID-19 and other potential future public health crises, epidemics, pandemics or similar events on our business, operating results and cash flows are uncertain.

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

While the COVID-19 pandemic has led to an increase in demand for our products, particularly our MiFi and mobile wireless devices, relative to historic trends, this increased demand, as well as the revenues, net income and other financial and operating data associated therewith, may not be indicative of results for future periods. Temporary precautionary measures intended to help minimize the risk of the pandemic to our employees and to comply with government mandated closures and “shelter-in-place” orders have been put in place, including temporarily requiring most employees to work remotely, suspending all non-essential travel worldwide for our employees, and suspending employee attendance at industry events and in-person work-related meetings. These efforts could negatively affect our business. While most of our global operations have continued to operate, facility closures or work slowdowns or temporary stoppages could occur. In addition, different countries have different practices and policies that can affect our international operations and the operations of our suppliers and customers. For example, our business in South Africa has not been able to perform new domestic installations or installations in other jurisdictions in observance of such countries’ COVID-19 policies, which we believe may adversely impact revenues from Ctrack. Any impact is dependent on the length of the closure.

In addition, we rely on contract manufacturers and other companies to provide materials, components and products that we sell to our customers. The continued spread of COVID-19 could negatively affect the operations at our third-party manufacturers, which could result in delays or disruptions in the supply of our products and could impact our ability to meet customer demand. If we are not able to implement alternatives or other mitigations with respect to suppliers that may have potential delivery impacts due to COVID-19, our sales and financial results could be adversely impacted.

The COVID-19 outbreak is a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect longer-term demand for our products and likely impact our operating results. The impact of COVID-19 could worsen if there is an extended duration of any COVID-19 outbreak or a resurgence of COVID-19 infection in affected regions after they have begun to experience improvement. Prolonged impacts of

COVID-19 could result in delays in payment by customers, the speed of regulatory approvals such as FCC and other licenses that are needed for releases of new products, and delays in new 5G network rollouts. Current limitations on travel to customer locations could impact international orders. Accordingly, recent growth in our business may not continue into the future, and you should not rely on our revenue or key business metrics for any previous quarterly or annual period as any indication of our revenue, revenue growth, key business metrics, or key business metrics growth in future periods.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATED TO INTERNATIONAL OPERATIONS

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

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

- difficulty managing sales, product development and logistics and support across continents;
- limitations on ownership or participation in local enterprises;
- lack of familiarity with, and unexpected changes in, foreign laws, regulations and legal standards, including employment laws, product liability laws, privacy laws and environmental laws, which may vary widely across the countries in which we operate;
- increased expense to comply with U.S. laws that apply to foreign operations, including the U.S. Foreign Corrupt Practices Act (the “FCPA”) and Office of Foreign Assets Control regulations;
- compliance with, and potentially adverse tax consequences of, foreign tax regimes;
- fluctuations in currency exchange rates, currency exchange controls, price controls and limitations on repatriation of earnings;
- transportation delays and interruptions;
- local labor laws;
- local economic conditions;
- political, social and economic instability and disruptions;

- acts of terrorism and other security concerns;
- government embargoes or foreign trade restrictions such as tariffs, duties, taxes or other controls;
- import and export controls;
- increased product development costs due to differences among countries' safety regulations and radio frequency allocation schemes and standards;
- longer warranty terms and broader product warranty requirements;
- increased expense related to localization of products and development of foreign language marketing and sales materials;
- longer sales cycles;
- longer accounts receivable payment cycles and difficulty in collecting accounts receivable in foreign countries;
- increased financial accounting and reporting burdens and complexities;
- workforce reorganizations in various locations;
- restrictive employment regulations;
- difficulties in staffing and managing multi-national operations;
- difficulties and increased expense in implementing corporate policies and controls;
- international intellectual property laws, which may be more restrictive or offer lower levels of protection than U.S. law;
- compliance with differing and changing local laws and regulations in multiple international locations, including regional data privacy laws, as well as compliance with U.S. laws and regulations where applicable in these international locations; and
- limitations on our ability to enforce legal rights and remedies.

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

The economy of South Africa has in the past and may in the future continue to be characterized by rates of inflation and interest rates that are substantially higher than those prevailing in the United States and other highly developed economies. Economic conditions in South Africa could reduce our anticipated revenue growth, increase our South African-based costs, decrease our operating margins and adversely affect our ability to obtain cost-effective debt financing in South Africa.

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

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

Furthermore, there can be no assurance that our employees, contractors and agents will comply with the policies and procedures we establish regarding data privacy and data security, particularly as we expand our operations through organic growth and acquisitions. While our employees may violate our policies and procedures, the Company remains responsible for, and obligated to implement, policies and procedures and enter into contracts with service providers that require appropriate protection. Any violations could subject us to civil or criminal penalties, including substantial fines or prohibitions on our ability to offer our products in one or more countries, and could also materially damage our reputation, our brand, our international expansion efforts, our business, results of operations and financial condition.

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

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

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

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

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

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

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

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

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

RISKS RELATED TO OWNING OUR SECURITIES

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

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

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

The price of our stock may be vulnerable to manipulation, including through short sales.

We believe there has been and may continue to be substantial off-market transactions in derivatives of our stock, including short selling activity or related similar activities, which are beyond our control and which may be beyond the full control of the SEC and Financial Institutions Regulatory Authority ("FINRA"). Short sales are transactions in which a market participant sells a security that it does not own. To complete the transaction, the market participant must borrow the security to make delivery to the buyer. The market participant is then obligated to replace the security borrowed by purchasing the security at the market price at the time of required replacement. If the price at the time of replacement is lower than the price at which the security was originally sold by the market participant, then the market participant will realize a gain on the transaction. Thus, it is in the market participant's interest for the market price of the underlying security to decline as much as possible during the period prior to the time of replacement. While SEC and FINRA rules prohibit some forms of short selling and other activities that may result in stock price manipulation, such activity may nonetheless occur without detection or enforcement. Significant short selling or other types of market manipulation could cause our stock trading price to decline, to become more volatile, or both.

Previous short selling efforts have impacted, and may in the future continue to impact, the value of our stock in an extreme and volatile manner to our detriment and the detriment of our stockholders. In addition, market participants with admitted short positions in our stock have published, and may in the future continue to publish, negative information regarding us and our management team on internet sites or blogs that we believe is inaccurate and misleading. We believe that the publication of this negative information may in the future lead to significant downward pressure on the price of our stock to our detriment and the further detriment of our stockholders. These and other efforts by certain market participants to manipulate the price of our common stock for their personal financial gain may cause our stockholders to lose a portion of their investment, may make it more difficult for us to raise equity capital when needed without significantly diluting existing stockholders, and may reduce demand from new investors to purchase shares of our stock.

Future settlements of any conversion obligations with respect to the 2025 Notes may result in dilution to existing stockholders, lower prevailing market prices for our common stock or require a significant cash outlay.

The 2025 Notes are currently convertible at the option of the holders at any time until close of business on the business day immediately preceding the maturity date. The 2025 Notes are convertible into shares of the Company's common stock at a conversion rate of 79.2896 shares of common stock per $1,000 principal amount of 2025 Notes (which is equivalent to an initial conversion price of $12.61 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 95.1474 shares of common stock per $1,000 principal amount of 2025 Notes (which is equivalent to a conversion price of $10.51 per share of common stock). Holders of the 2025 Notes who convert may also be entitled to receive, under certain circumstances, an interest make-whole payment payable in, at our election, either cash or shares of common stock. If holders of the 2025 Notes elect to convert their 2025 Notes into common stock, or if we elect to settle any interest make-whole payments due upon conversion of the 2025 Notes with shares of 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 elect to settle any interest make-whole payments due upon conversion of the 2025 Notes with cash, such payments could adversely affect our liquidity.

Certain provisions in the indenture governing the 2025 Notes (as amended or supplemented, the "Indenture") could delay or prevent an otherwise beneficial takeover or takeover attempt of us.

Certain provisions in the Indenture relating to the 2025 Notes 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 Indenture), holders of the 2025 Notes will have the right to require us to repurchase their 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 2025 Notes in connection with such takeover. In either case, and in other cases, our obligations under the 2025 Notes and the related Indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us.

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, 2020, we had outstanding warrants to purchase 2,500,000 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.

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

As of December 31, 2020, North Sound Trading, L.P. and Golden Harbor Ltd. (together the "Investors") and their affiliates own an aggregate of approximately 25.7% of the outstanding shares of our common stock. The Investors and their affiliates also hold approximately $80.4 million of the 2025 Notes (48.2% of the outstanding principal amount). The Indenture relating to the 2025 Notes includes a Section 382 conversion blocker that may prevent the Investors from converting their 2025

Notes unless they receive the prior written approval of our Board of Directors. Assuming the conversion of the 2025 Notes owned by the Investors and their affiliates and the exercise of the warrants also owned by the Investors and their affiliates, the Investors and their affiliates would own approximately 31.8% of the outstanding shares of our common stock. As a result, the Investors have the ability to significantly influence the outcome of any matter submitted for the vote of the holders of our common stock.

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

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

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

There are currently 35,000 shares of Series E Fixed-Rate Cumulative Perpetual Preferred Stock, par value $0.001 per share (the "Series E Preferred Stock") outstanding with an aggregate liquidation preference of $35 million. The Series E Preferred Stock is senior to our shares of common stock in right of payment of dividends and other distributions. In the event of a liquidation, dissolution or winding up of the Company, the holders of the Series E Preferred Stock will be entitled to receive, after satisfaction of liabilities to creditors and subject to the rights of holders of any senior securities, but before any distribution of assets is made to holders of common stock or any other junior securities, the Series E Base Amount (as defined below) plus (without duplication) any accrued and unpaid dividends. In the future, we may offer additional shares of Series E Preferred Stock or other equity, equity-linked or debt securities, which may have rights, preferences or privileges senior to our common stock. Because our decision to issue debt or equity securities or incur other borrowings in the future will depend on market conditions and other factors beyond our control, the amount, timing, nature or success of our future capital raising efforts is uncertain. Thus, holders of our common stock bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings may negatively affect the market price of our common stock.

GENERAL RISK FACTORS

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.

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

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

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

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

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

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

A change in the Company's accounting systems or new accounting system implementations could cause trial balances to be 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.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Our principal executive office is located in Alpharetta, Georgia. Our corporate offices are located in San Diego, California where we lease approximately 25,000 square feet under an arrangement that expires in July 2027 and approximately 13,000 square feet under an arrangement that expires in July 2027. We also currently lease approximately 14,000 square feet in Eugene, Oregon under a lease arrangement that expires in January 2023, and own property in Centurion, South Africa with approximately 28,000 square feet. We further lease space in various geographic locations abroad primarily for sales and support personnel, for research and development, or for temporary facilities. We believe that our existing facilities are adequate to meet our current needs and that we can renew our existing leases or obtain alternative space on terms that would not have a material impact on our financial condition.

Item 3. *Legal Proceedings*

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

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

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

None.

PART II

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

Common Stock Data

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

Number of Stockholders of Record

As of February 24, 2021, there were approximately 25 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.

Unregistered Sales of Equity Securities

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

On August 4, 2020, the Company granted to Craig Foster, the Company's Chief Financial Officer, options to purchase 200,000 shares of the Company's common stock and 27,510 restricted stock units ("RSUs"). The options have a ten-year term and an exercise price of $14.54, which was the closing price per share of the Company's common stock as reported by NASDAQ on August 4, 2020. The options and the RSUs will vest over a four-year period, with 25% of the awards vesting on the first anniversary of the date of grant and the remainder vesting in equal monthly installments over the three years thereafter. The awards were inducement grants made in accordance with Nasdaq Listing Rule 5635(c)(4) and Section 4(a)(2) of the Securities Act of 1933, as amended. The Company intends to file a registration statement on a Form S-8 to register the shares of common stock underlying the options and the RSUs.

Purchases of Equity Securities

None.

Item 6. *Selected Financial Data*

Because we were a smaller reporting company, as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, for the fiscal year ended December 31, 2020 and are transitioning into large accelerated filer status, we are not required to provide the information required under this item.

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

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

Business Overview and Background

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

Overview

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

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

Business Segment Reporting

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

Factors Which May Influence Future Results of Operations

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

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

- changes in technologies.

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

We anticipate introducing additional products during the next twelve months, including SaaS telematics solutions and additional service offerings, industrial IoT hardware and services, and other mobile and fixed wireless devices targeting the emerging 5G market. We continue to develop and maintain strategic relationships with 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, 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.

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, derived from the accompanying consolidated financial statements for the periods indicated.

	Year Ended December 31,	
	2020	2019
Net revenues:	(as a percent of net revenues)	
IoT & Mobile Solutions	83.2 %	73.3 %
Enterprise SaaS Solutions	16.8	26.7
Total net revenues	100.0	100.0
Cost of net revenues:		
IoT & Mobile Solutions	64.5	60.6
Enterprise SaaS Solutions	6.6	10.3
Total cost of net revenues	71.1	70.9
Gross profit	28.9	29.1
Operating costs and expenses:		
Research and development	14.3	10.9
Sales and marketing	11.4	13.2
General and administrative	9.8	12.4
Amortization of purchased intangible assets	1.0	1.6
Impairment of capitalized software	0.4	—
Total operating costs and expenses	37.0	38.0
Operating loss	(8.0)	(8.9)
Other income (expense):		
Loss on debt conversion and extinguishment, net	(24.3)	—
Interest expense, net	(3.2)	(9.3)
Other income (expense), net	0.3	0.2
Loss before income taxes	(35.2)	(18.0)
Income tax provision	0.2	0.2
Net loss	(35.4)	(18.2)
Less: Net loss (income) attributable to noncontrolling interests	—	—
Net loss attributable to Inseego Corp.	(35.4)	(18.2)
Series E preferred stock dividends	(0.9)	(0.2)
Net loss attributable to common stockholders	(36.4)%	(18.4)%

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Net revenues. Net revenues for the year ended December 31, 2020 were $313.8 million, an increase of $94.3 million, or 43.0%, compared to the same period in 2019.

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

	Year Ended December 31,		Change	
Product Category	**2020**	**2019**	**$**	**%**
IoT & Mobile Solutions	$ 261,169	$ 160,873	$ 100,296	62.3 %
Enterprise SaaS Solutions	52,663	58,623	(5,960)	(10.2)%
Total	$ 313,832	$ 219,496	$ 94,336	43.0 %

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

Enterprise SaaS Solutions. Enterprise SaaS Solutions net revenues were down year-over-year due to the effects of strengthening U.S. Dollar foreign exchange rates on international sales and the effect of COVID-19.

Cost of net revenues. Cost of net revenues for the year ended December 31, 2020 was $223.0 million, or 71.1% of net revenues, compared to $155.5 million, or 70.9% of net revenues, for the same period in 2019.

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

	Year Ended December 31,		Change	
Product Category	**2020**	**2019**	**$**	**%**
IoT & Mobile Solutions	$ 202,421	$ 132,980	$ 69,441	52.2 %
Enterprise SaaS Solutions	20,568	22,545	(1,977)	(8.8)%
Total	$ 222,989	$ 155,525	$ 67,464	43.4 %

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

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

Gross profit. Gross profit for the year ended December 31, 2020 was $90.8 million, or a gross margin of 28.9%, compared to $64.0 million, or a gross margin of 29.1%, for the same period in 2019. The slight decrease in the gross profit percentage was primarily attributable to an unfavorable product mix offset by improvements in IoT & Mobile Solutions gross margin.

Research and development expenses. Research and development expenses for the year ended December 31, 2020 were $45.0 million, or 14.3% of net revenues, compared to $23.9 million, or 10.9% of net revenues, for the same period in 2019. The increase was primarily a result of increased staffing, test units, and other development spending related to 5G product programs.

Sales and marketing expenses. Sales and marketing expenses for the year ended December 31, 2020 were $35.8 million, or 11.4% of net revenues, compared to $28.9 million, or 13.2% of net revenues, for the same period in 2019. The increase was primarily a result of an increase in headcount.

General and administrative expenses. General and administrative expenses for the year ended December 31, 2020 were $30.7 million, or 9.8% of net revenues, compared to $27.3 million, or 12.4% of net revenues, for the same period in 2019. The increase was primarily a result of an increase in employment costs attributable to an increase in headcount and non-recurring legal expenses.

Amortization of purchased intangible assets. The amortization of purchased intangible assets for the years ended December 31, 2020 and 2019 was $3.2 million and $3.4 million, respectively.

Impairment of capitalized software. During the twelve months ended December 31, 2020, we recorded a loss of $1.4 million on capitalized software development costs. There was no such expense for the same period in 2019.

Loss on debt conversion and extinguishment, net. During the twelve months ended December 31, 2020, we recorded a loss of $76.4 million, which primarily represents the loss on debt conversion and extinguishment of the 2022 Notes, including a $7.9 million inducement expense incurred in connection with certain conversions of the 2022 Notes, and a $67.2 million loss recorded on debt conversion of the 2025 Notes. There was no such expense for the same period in 2019.

Interest expense, net. Interest expense, net, for the years ended December 31, 2020 and 2019 was $9.9 million and $20.4 million, respectively. Interest expense was primarily a result of the interest expense and amortization of the debt discount and debt issuance costs related to our previous term loan, the 2022 Notes and the 2025 Notes. The decrease in interest expense was due to the conversion of debt into equity in 2020, payment in full of our previous term loan during 2020, as well as a lower interest rate on the 2025 Notes, as compared to the 2022 Notes.

Other income (expense), net. Other income, net, for the year ended December 31, 2020 was $1.0 million, which primarily included the fair value adjustment related to our interest-make-whole payment on the 2025 Notes as well as foreign currency transaction gains and losses. Other expense, net for the same period in 2019 was $0.4 million, which primarily consisted of foreign currency transaction gains and losses.

Income tax provision. Income tax provision for the years ended December 31, 2020 and 2019 was $0.7 million and $0.5 million, respectively, which primarily related to certain of our profitable subsidiaries in foreign jurisdictions.

The effective tax rate for the year ended December 31, 2020 is different than the U.S. statutory rate primarily due to a valuation allowance recorded against additional tax assets generated during the year and certain profitable foreign subsidiaries.

Series E Preferred Stock dividends. During the year ended December 31, 2020 and 2019, we recorded $2.9 million and $0.4 million, respectively, of accrued Series E Preferred Stock dividends.

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, 2020, we had cash and cash equivalents of $40.0 million compared with cash and cash equivalents of $12.1 million as of December 31, 2019.

In order to make continued growth investments, on March 6, 2020, the Company issued and sold 25,000 shares of our Series E Preferred Stock, for an aggregate purchase price of $25.0 million. There are currently 35,000 shares of Series E Preferred Stock outstanding with an aggregate liquidation preference of $35 million. Each share of Series E Preferred Stock entitles the holder thereof to receive, when, as and if declared by the Company out of assets legally available therefor, cumulative cash dividends at an annual rate of 9.00% payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, beginning on October 1, 2019. If dividends are not declared and paid in any quarter, or if such dividends are declared but holders of the Series E Preferred Stock elect not to receive them in cash, the quarterly dividend will be deemed to accrue and will be added to the Series E Base Amount. The Series E Preferred Stock has no voting rights unless otherwise required by law. The Series E Preferred Stock is perpetual and has no maturity date. However, the Company may, at its option, redeem shares of the Series E Preferred Stock, in whole or in part, on or after July 1, 2022, at a price equal to 110% of the Series E Base Amount plus (without duplication) any accrued and unpaid dividends. The “Series E Base Amount” means $1,000 per share, plus any accrued but unpaid dividends, whether or not declared by the Company’s board of directors, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock. In the event of a liquidation, dissolution or winding up of the Company, the holders of the Series E Preferred Stock will be entitled to receive, after satisfaction of liabilities to creditors and subject to the rights of holders of any senior securities, but before any distribution of assets is made to holders of common stock or any other junior securities, the Series E Base Amount plus (without duplication) any accrued and unpaid dividends.

In the first quarter of 2020, $59.9 million of the Company’s 2022 Notes were exchanged for common stock in private exchange transactions. Additionally, in the second quarter of 2020, the Company restructured its outstanding debt by completing a $100.0 million registered public offering (the “Offering”) of 2025 Notes and also entered into privately-negotiated Exchange Agreements, pursuant to which an aggregate of $45.0 million in principal amount of the 2022 Notes were exchanged for an aggregate of $32.0 million in cash and $80.4 million in principal amount of the 2025 Notes (the “Private Exchange Transactions”). The Company also used a portion of the proceeds from the Offering to repay in full our previous term loan. In the third quarter of 2020, the Company redeemed the remaining $2,000 principal amount of the 2022 Notes.

During the quarter ended September 30, 2020, certain holders of the 2025 Notes converted approximately $13.5 million in principal amount of the 2025 Notes into 1,177,156 shares of the Company’s common stock in accordance with the terms of such notes. As of December 31, 2020, the Company’s outstanding debt primarily consisted of $166.9 million in principal amount of 2025 Notes.

Additionally, on January 25, 2021, the Company entered into an Equity Distribution Agreement with Canaccord Genuity LLC (the “Agent”), pursuant to which the Company may offer and sell, from time to time, through or to the Agent, up to $40.0 million of shares of its common stock (the “ATM Offering”) pursuant to the Company’s Registration Statement on Form S-3ASR (File No. 333-238057), which was filed with the Securities and Exchange Commission on May 7, 2020, and the 424(b) prospectus supplement relating to the ATM Offering dated January 25, 2021.

In January 2021, the Company sold 1,516,073 shares of common stock, at a public offering price of $20.11 per share, for net proceeds of $29.6 million, pursuant to the ATM Offering. See Note 15, *Subsequent Events*.

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

The Company’s liquidity could be impaired if there is any interruption in its business operations, a material failure to satisfy its contractual commitments or a failure to generate revenue from new or existing products. There can be no assurance that any required or desired restructuring or financing will be available on terms favorable to the Company, or at all. Additionally, the Company is uncertain of the full extent to which the COVID-19 pandemic will impact the Company’s business, operations and financial results.

Settlement Agreement

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

On May 11, 2017, the Company initiated a lawsuit against the former stockholders of RER in the Court of Chancery of the State of Delaware seeking recovery of damages for civil conspiracy, fraud in the inducement, unjust enrichment and breach of fiduciary duty. On January 16, 2018, the former stockholders of RER filed an answer and counterclaim in the matter seeking recovery of certain deferred and earn-out payments allegedly owed to them by the Company in connection with the Company’s acquisition of RER. On July 26, 2018, the Company and the former stockholders of RER entered into a mutual general release and settlement agreement (the “Settlement Agreement”) pursuant to which the parties agreed to release all claims against each other and the Company agreed to (i) pay the former stockholders of RER $1.0 million in cash by August 17, 2018, (ii) immediately instruct its transfer agent to permit the transfer or sale of 973,333 shares of the Company’s common stock that the Company had issued to the former stockholders of RER in March 2017, (iii) immediately issue 500,000 shares of the Company’s common stock to the former stockholders of RER, (iv) within 12 months following the execution of the Settlement Agreement, deliver to the former stockholders of RER an additional $1.0 million in cash, common stock, or a combination thereof, at the Company’s option, (v) within 24 months following the execution of the Settlement Agreement deliver to the former stockholders of RER an additional $1.0 million in cash, common stock, or a combination thereof, at the Company’s option, and (vi) file one or more registration statements with respect to the resale of the shares of the Company’s common stock issued to the former stockholders of RER pursuant to the Settlement Agreement. On July 24, 2020, the Company issued 89,928 shares in satisfaction of all remaining liabilities under the Settlement Agreement.

Historical Cash Flows

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

	Year Ended December 31,	
	2020	2019
Net cash provided by (used in) operating activities	$ 20,050	$ (17,999)
Net cash used in investing activities	(34,713)	(28,213)
Net cash provided by financing activities	42,081	27,469
Effect of exchange rates on cash	523	(259)
Net increase (decrease) in cash, cash equivalents and restricted cash	27,941	(19,002)
Cash, cash equivalents and restricted cash, beginning of period	12,074	31,076
Cash, and cash equivalents, end of period	$ 40,015	$ 12,074

Operating activities. Net cash provided by operating activities was $20.1 million for the year ended December 31, 2020 compared to net cash used in operating activities of $18.0 million for the same period in 2019. Net cash provided by operating activities for the year ended December 31, 2020 was primarily attributable to the net cash provided by changes in working capital, non-cash loss on debt conversion and extinguishment, a non-cash fair value adjustment on derivative instrument, depreciation and amortization, including the amortization of debt discount and debt issuance costs, and share-based compensation expense, offset by net losses incurred during the period. Net cash used in operating activities for the year ended December 31, 2019 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, and share-based compensation expense.

Investing activities. Net cash used in investing activities during the year ended December 31, 2020 was $34.7 million compared to $28.2 million used in investing activities for the same period in 2019. Cash used in investing activities during the year ended December 31, 2020 was primarily related to the purchases of property, plant and equipment and capitalization of certain costs related to the development of software to be sold in our products, in large part due to the increase in development in support of 5G products and services as well as certain internally developed software projects. Cash used in investing activities during the same period in 2019 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 products.

Financing activities. Net cash provided by financing activities during the year ended December 31, 2020 was $42.1 million, compared to net cash provided by financing activities of $27.5 million for the same period in 2019. Net cash provided by financing activities during the year ended December 31, 2020 was primarily related to net proceeds received from the Offering, the issuance of Series E Preferred Stock, the exercise of warrants to purchase common stock and stock option exercises and purchases through our employee stock purchase plan, partially offset by $32.0 million of cash paid to investors in the Private Exchange Transactions, $48.8 million of cash used to pay off our previous term loan and related extinguishment costs, the repurchase of Series E Preferred Stock, principal payments under finance lease obligations and taxes paid on vested restricted stock units. Net cash provided by financing activities during the year ended December 31, 2019 was primarily attributable to the proceeds received from the issuance and sale of Series E Preferred Stock and the exercise of warrants to purchase common stock, as well as proceeds received from stock option exercises and purchases made under the employee stock purchase plan, partially offset by net repayments of bank and overdraft facilities, principal payments under our previous term loan and taxes paid on vested restricted stock units.

Other Liquidity Needs

As of December 31, 2020, we had available cash and cash equivalents totaling $40.0 million and working capital of $38.4 million.

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

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

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

Revenue Recognition

Sources of Revenue

The Company generates revenue from a broad range of product sales including intelligent wireless hardware products for the worldwide mobile communications and IoT markets. The Company’s products principally include intelligent 4G and 5G mobile hotspots, wireless gateways and routers for IoT applications, 1 Gigabit speed 4G LTE hotspots and USB modems, integrated telematics and mobile tracking hardware devices, which are supported by applications software and cloud services designed to enable customers to easily analyze data insights and configure and manage their hardware.

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

Net revenues by product grouping for the year ended December 31, 2020 and 2019 were as follows (in thousands):

	Year Ended December 31,	
	2020	2019
IoT & Mobile Solutions	$ 261,169	$ 160,873
Enterprise SaaS Solutions	52,663	58,623
Total	$ 313,832	$ 219,496

Net revenues by geographic region based on shipping destination for the year ended December 31, 2020 and 2019 were as follows (in thousands):

	Year Ended December 31,	
	2020	2019
United States and Canada	$ 260,009	$ 158,756
South Africa	28,208	35,001
Other	25,615	25,739
Total	$ 313,832	$ 219,496

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

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

Contracts with Customers

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

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

The Company determines revenue recognition through the following five steps:

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

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

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

Revenue Recognition

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

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

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

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

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

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

Multiple Performance Obligations

The Company's contracts with customers may include commitments to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. When hardware, software and services are sold in various combinations, judgment is required to determine whether each performance obligation is considered distinct and accounted for separately, or not distinct and accounted for together with other performance obligations.

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

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

Contract Liabilities

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

Contract Assets

The Company capitalizes sales commissions earned by its sales force when they are considered to be incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized over a period of benefit. There were no significant amounts of assets recorded related to contract costs as of December 31, 2020.

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

Significant Judgments in the Application of the Guidance in ASC 606

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

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

Allowance for Doubtful Accounts Receivable

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

Inventories and Provision for Excess and Obsolete Inventory

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

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

Purchased Intangible Assets

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

Research and development

Research and development expense consists primarily of personnel costs for our engineers engaged in the design and development of our products, software and technologies, including salary, bonus and share-based compensation expense, project material costs, services, depreciation and amortization. Such costs are charged to research and development expense as they are incurred, to the extent not capitalized as software development costs for external or internal use.

Software Development Costs for External Use

Software development costs for external use are expensed as incurred until technological feasibility has been established, at which time those costs are capitalized as intangible assets until the software is implemented into products sold to customers. Capitalized software development costs are amortized on a straight-line basis over the estimated useful life. Costs incurred to enhance existing software or after the implementation of the software into a product are expensed in the period they are incurred and included in research and development expense in the consolidated statements of operations. The straight-line recognition method approximates the manner in which the expected benefit will be derived. Also, at each balance sheet date, the unamortized capitalized software development costs for external use is compared to the net realizable value of that product by analyzing critical inputs such as costs necessary to bring the software to market, and life of the software. The amount by which unamortized software costs exceed the net realizable value, if any, is recognized as a charge to amortization expense in the period it is determined.

Software Development Costs for Internal Use

Costs incurred in the preliminary stages of development are expensed as incurred and included in research and development expense in the consolidated statements of operations. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing performed to ensure the product is ready for its intended use. The Company also capitalizes costs related to specific upgrades and enhancements of internal-use software when it is probable that the expenditures will result in additional functionality. Maintenance and training costs are expensed as incurred. Capitalized internal-use software costs are recorded as part of intangible assets and are amortized on a straight-line basis over the estimated useful life of the software. The Company tests these assets for impairment whenever events or circumstances occur that could impact their recoverability.

Long-Lived Assets

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

Indefinite-lived assets, including goodwill and in-process capitalized software development costs, are not amortized; however, they are tested for impairment annually, and between annual tests, if certain events occur indicating that the carrying amounts may be impaired. The Company performs an annual impairment review of indefinite-lived assets during the fourth fiscal quarter of each year, and more frequently if we believe indicators of impairment exist. To review for impairment, we first assess qualitative factors to determine whether events or circumstances lead to a determination that it is more likely than not that the fair value of the Company’s reporting unit is less than its carrying amount. The Company’s qualitative assessment of the recoverability of indefinite-lived assets was based on various macroeconomic, industry-specific, and company specific factors. These factors include: (i) industry or economic trends; (ii) current, historical, or projected financial performance; and (iii) the Company’s market capitalization. After assessing the totality of events and circumstances, if the Company determines that it is not more likely than not that the fair value of the Company’s reporting unit is less than its carrying amount, no further assessment is performed. If the Company determines that it is more likely than not that the fair value of the Company’s reporting unit is less than its carrying amount, the Company calculates the fair value of the reporting unit and compares the fair value to the reporting unit’s net book value.

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

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

Derivative Financial Instruments

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

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***

Because we were a smaller reporting company, as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, for the fiscal year ended December 31, 2020 and are transitioning into large accelerated filer status, we are not required to provide the information required under this item.

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, 2020, 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, 2020.

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, 2020.

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, 2020, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

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

Item 9B. ***Other Information***

None.

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

To the Shareholders and Board of Directors of
Inseego Corp.

Opinion on Internal Control over Financial Reporting

We have audited Inseego Corp.'s (the "Company") internal control over financial reporting as of December 31, 2020 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, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets as of December 31, 2020 and 2019 and the related consolidated statements of operations, comprehensive loss, stockholders' deficit, and cash flows and the related notes for each of the two years in the period ended December 31, 2020 of the Company, and our report dated March 1, 2021 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 Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ Marcum LLP

Philadelphia, Pennsylvania
March 1, 2021

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 2021 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. ***Exhibit 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
2.1	Share Purchase Agreement, dated as of February 24, 2021, by and between Inseego Corp. and Main Street 1816 Proprietary Limited (in the process of being renamed Convergence CTSA Proprietary Limited)(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed February 25, 2021).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed November 9, 2016).
3.2	Amended and Restated Bylaws of Inseego Corp. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed November 9, 2016).
3.3	Certificate of Designation of Series D Junior Participating Preferred Stock of Inseego Corp. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed January 22, 2018).
3.4	Certificate of Designation of Series E Fixed-Rate Cumulative Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed August 13, 2019).
3.5	Certificate of Amendment to Certificate of Designation of Series E Fixed-Rate Cumulative Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed March 10, 2020).
4.1	Form of Inseego Corp. Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 9, 2016).
4.2**	Description of Equity Securities Registered under Section 12 of the Exchange Act.
4.3	Base Indenture, dated May 12, 2020, between Inseego Corp. 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 May 12,
4.4	First Supplemental Indenture, dated May 12, 2020, 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 May 12, 2020).
4.5	Form of 3.25% convertible senior note due 2025 (incorporated by reference Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q, filed August 10, 2020).
4.6	Common Stock Purchase Warrant issued to Golden Harbor Ltd., dated March 28, 2019, by Inseego Corp. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed March 29, 2019).
4.7	Common Stock Purchase Warrant issued to North Sound Trading, L.P., dated March 28, 2019, by Inseego Corp. (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed March 29, 2019).
4.8	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).
10.1*	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).

Exhibit No.	Description
10.2*	Offer Letter dated July 26, 2020 between Inseego Corp. and Craig L. Foster (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed November 6, 2020).
10.3*	Change in Control Agreement dated August 17, 2020 between Inseego Corp. and Craig L. Foster (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed November 6, 2020).
10.4*	Form of Indemnification (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed August 21, 2017).
10.5*	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).
10.6*	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).
10.7*	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).
10.8*	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).
10.9*	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).
10.10*	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).
10.11*	Amended Inseego Corp. 2018 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 24, 2020).
10.12	Securities Purchase Agreement, dated August 6, 2018, by and among Inseego Corp. and the Investors identified on Exhibit A thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed August 7, 2018).
10.13	Securities Purchase Agreement, dated August 9, 2019, by and among Inseego Corp. and the Investors identified on Exhibit A thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed August 13, 2019).
10.14	Securities Purchase Agreement, dated March 6, 2020, by and among Inseego Corp. and the Investor identified on Exhibit A thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on March 10, 2020).
10.15	Assignment and License Agreement, dated as of February 24, 2021, by and between Inseego Corp. and certain entities that will be acquired by Purchaser in the Sale Transaction (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed February 25, 2021).
10.16	Transitional Services Agreement, dated as of February 24, 2021, by and between Inseego Corp. and certain entities that will be acquired by Purchaser in the Sale Transaction (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed February 25, 2021).
10.17	Trademark Agreement, dated as of February 24, 2021, by and between Inseego Corp. Ctrack Holdings (Pty) Limited, and certain entities that will be acquired by Purchaser in the Sale Transaction (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, filed February 25, 2021).
21	Subsidiaries of Inseego Corp. (incorporated by reference to the Company's Annual Report on Form 10-K. filed on March 16, 2020).
23.1**	Consent of Independent Registered Public Accounting Firm (Marcum LLP).
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.

Exhibit No.	Description
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)
*	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 1, 2021	INSEEGO CORP.
	By /s/ Dan Mondor
	Dan Mondor **Chief Executive Officer** **(Principal Executive Officer)**

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.

Signature	Title	Date
/s/ Dan Mondor **Dan Mondor**	Chief Executive Officer (Principal Executive Officer and Director)	March 1, 2021
/s/ Craig Foster **Craig Foster**	Chief Financial Officer (Principal Financial and Accounting Officer)	March 1, 2021
/s/ Christopher Harland **Christopher Harland**	Director	March 1, 2021
/s/ Christopher Lytle **Christopher Lytle**	Director	March 1, 2021
/s/ Jeffrey Tuder **Jeffrey Tuder**	Director	March 1, 2021
/s/ James B. Avery **James B. Avery**	Director	March 1, 2021

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Inseego Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Inseego Corp. (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, stockholders' deficit and cash flows for each of the two years in the period ended December 31, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, 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, 2020, 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 1, 2021, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to an account or disclosure that is material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

As described in Note 3 to the consolidated financial statements, the Company's consolidated capitalized software development costs, net of accumulated amortization, and consolidated in-process capitalized software development costs balances totaled $37.2 million as of December 31, 2020. The Company capitalizes certain software development costs for new offerings as well as upgrades to existing software platforms. Management determines the amount of internal software costs to be capitalized principally based on the amount of time spent by developers, both employees and external consultants, on projects in the application stage of development. There is judgment in the determination for which costs are eligible for capitalization as well as the recoverability of such costs.

The principal considerations in our determination of performing procedures relating to the amount of costs eligible for capitalization, together with assessment of the capitalized cost recoverability, is a critical audit matter, and are the significant judgments made by management when determining the costs eligible for capitalization as well as assessing the recoverability of such costs over time; this in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to management's determination of capitalized costs and management's judgment related to the recognition of costs for projects in the application stage as well as recoverability of such costs.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls related to capitalized software development costs, including controls over management's determination of time and related costs eligible for capitalization. These procedures also included, among others (i) testing management’s process for determining the time and related costs eligible for capitalization in the current year, (ii) evaluating whether the time and related costs were eligible for capitalization, and (iii) testing the completeness and accuracy of underlying data used in management’s estimate of eligible time and related costs. Evaluating management’s assumptions related to eligible software development cost for capitalization and the recoverability of such costs recorded involved evaluating whether the assumptions used by management were reasonable considering (i) inquiries with management and the director of program management in evaluating the software development costs capitalized for a sample of capitalized projects, and (ii) assessing current sales data along with sales forecasts to determine whether the costs of the capitalized projects are recoverable.

/s/ Marcum LLP

We have served as the Company’s auditor since 2018.
Philadelphia, Pennsylvania
March 1, 2021

INSEEGO CORP.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	December 31,	
	2020	**2019**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 40,015	$ 12,074
Accounts receivable, net of allowance for doubtful accounts of $1,384 and $2,133, respectively	29,940	19,656
Inventories	33,952	25,290
Prepaid expenses and other	10,201	7,117
Total current assets	114,108	64,137
Property, plant and equipment, net	13,699	10,756
Rental assets, net	6,109	5,385
Intangible assets, net	51,487	44,392
Goodwill	32,511	33,659
Right-of-use assets, net	9,092	2,657
Other assets	388	387
Total assets	$ 227,394	$ 161,373
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	52,339	26,482
Accrued expenses and other current liabilities	23,373	18,048
Total current liabilities	75,712	44,530
Long-term liabilities:		
2025 Notes, net	165,147	—
2022 Notes, net	—	101,334
Term loan, net	—	46,538
Deferred tax liabilities, net	4,505	3,949
Other long-term liabilities	9,929	2,380
Total liabilities	255,293	198,731
Commitments and Contingencies		
Stockholders' deficit:		
Preferred stock, par value $0.001; 2,000,000 shares authorized:		
Series E Preferred stock, par value $0.001; 39,500 and 10,000 shares designated, respectively, 35,000 and 10,000 shares issued and outstanding, respectively, liquidation preference of $1,000 per share (plus any accrued but unpaid dividends)	—	—
Common stock, par value $0.001; 150,000,000 shares authorized,99,399,029 and 81,974,051 shares issued and outstanding, respectively	99	82
Additional paid-in capital	711,487	584,862
Accumulated other comprehensive loss	(6,972)	(3,879)
Accumulated deficit	(732,422)	(618,303)
Total stockholders' deficit attributable to Inseego Corp.	(27,808)	(37,238)
Noncontrolling interests	(91)	(120)
Total stockholders' deficit	(27,899)	(37,358)
Total liabilities and stockholders' deficit	$ 227,394	$ 161,373

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, 2020	Year Ended December 31, 2019
Net revenues:		
IoT & Mobile Solutions	$ 261,169	$ 160,873
Enterprise SaaS Solutions	52,663	58,623
Total net revenues	313,832	219,496
Cost of net revenues:		
IoT & Mobile Solutions	202,421	132,980
Enterprise SaaS Solutions	20,568	22,545
Total cost of net revenues	222,989	155,525
Gross profit	90,843	63,971
Operating costs and expenses:		
Research and development	44,953	23,853
Sales and marketing	35,750	28,914
General and administrative	30,689	27,327
Amortization of purchased intangible assets	3,175	3,421
Impairment of capitalized software	1,410	—
Total operating costs and expenses	115,977	83,515
Operating loss	(25,134)	(19,544)
Other income (expense):		
Loss on debt conversion and extinguishment, net	(76,354)	—
Interest expense, net	(9,942)	(20,381)
Other income, net	992	351
Loss before income taxes	(110,438)	(39,574)
Income tax provision	748	536
Net loss	(111,186)	(40,110)
Less: Net income attributable to noncontrolling interests	(29)	(15)
Net loss attributable to Inseego Corp.	(111,215)	(40,125)
Series E preferred stock dividends	(2,904)	(361)
Net loss attributable to common stockholders	$ (114,119)	$ (40,486)
Per share data:		
Net loss per common share:		
Basic and diluted	$ (1.19)	$ (0.52)
Weighted-average common shares outstanding:		
Basic and diluted	96,111,547	78,322,496

See accompanying notes to consolidated financial statements.

INSEEGO CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)

	Year Ended December 31,	
	2020	**2019**
Net loss	$ (111,186)	$ (40,110)
Foreign currency translation adjustment	(3,093)	998
Total comprehensive loss	(114,279)	(39,112)
Comprehensive income attributable to noncontrolling interests	(29)	(15)
Comprehensive loss attributable to Inseego Corp.	$ (114,308)	$ (39,127)

See accompanying notes to consolidated financial statements.

INSEEGO CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

INSEEGO CORP.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

(in thousands)

	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Deficit
Balance, December 31, 2018	—	$ —	73,980	$ 74	$ 546,230	$ (577,817)	$ (4,877)	$ (135)	$ (36,525)
Net loss	—	—	—	—	—	(40,125)	—	15	(40,110)
Foreign currency translation adjustment	—	—	—	—	—	—	998	—	998
Exercise of stock options, vesting of restricted stock units and stock issued under employee stock purchase plan	—	—	2,254	$ 2	3,263	—	—	—	3,265
Issuance of Series E preferred shares	10	—	—	—	10,000	—	—	—	10,000
Taxes withheld on net settled vesting of restricted stock units	—	—	—	—	(1,269)	—	—	—	(1,269)
Exercise of warrants	—		5,477	6	17,536				17,542
Issuance of common shares	—	—	263	$ —	1,439				1,439
Share-based compensation	—	—	—	—	7,302	—	—	—	7,302
Series E preferred stock dividends	—		—	—	361	(361)	—	—	—
Balance, December 31, 2019	10	—	81,974	82	584,862	(618,303)	(3,879)	(120)	(37,358)
Net loss	—	—	—	—	—	(111,215)	—	29	(111,186)
Foreign currency translation adjustment	—	—	—	—	—	—	(3,093)	—	(3,093)
Exercise of stock options, vesting of restricted stock units and stock issued under employee stock purchase plan	—	—	2,081	2	5,420	—	—	—	5,422
Taxes withheld on net settled vesting of restricted stock units	—	—	—	—	(354)	—	—	—	(354)
Issuance of Series E preferred shares	25	—	—	—	25,000	—	—	—	25,000
Issuance of Series E preferred stock in lieu of interest	2	—	—	—	2,330	—	—	—	2,330
Repurchase of Series E preferred stock	(2)	—	—	—	(2,354)	—	—	—	(2,354)
Issuance of common shares in connection with the Notes Exchange	—	—	13,739	14	66,074	—	—	—	66,088
Issuance of common shares related to conversion of 2025 Notes	—	—	1,177	1	14,353	—	—	—	14,354
Exercise of warrants	—	—	338	—	1,861	—	—	—	1,861
Share-based compensation	—	—		—	10,419	—	—	—	10,419
Series E preferred stock dividends	—	—	—	—	2,904	(2,904)	—	—	—
Issuance of common shares under settlement agreement	—		90	—	972	—	—	—	972
Balance, December 31, 2020	35	—	99,399	99	711,487	(732,422)	(6,972)	(91)	(27,899)

See accompanying notes to consolidated financial statements.

INSEEGO CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash flows from operating activities:		
Net loss	$ (111,186)	$ (40,110)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	27,946	18,426
Fair value adjustment on derivative instrument	597	—
Provision for bad debts, net of recoveries	512	715
Impairment of capitalized software	1,410	—
Provision for excess and obsolete inventory	538	980
Share-based compensation expense	10,419	7,302
Amortization of debt discount and debt issuance costs	4,016	9,772
Loss on debt conversion and extinguishment, net	76,354	—
Deferred income taxes	659	(598)
Other	667	840
Changes in assets and liabilities:		
Accounts receivable	(10,797)	377
Inventories	(13,336)	(3,077)
Prepaid expenses and other assets	(3,070)	(901)
Accounts payable	27,087	(12,996)
Accrued expenses, income taxes, and other	8,234	1,271
Net cash provided by (used in) operating activities	20,050	(17,999)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(5,736)	(6,621)
Proceeds from the sale of property, plant and equipment	392	517
Additions to capitalized software development costs and purchases of intangible assets	(29,369)	(22,109)
Net cash used in investing activities	(34,713)	(28,213)
Cash flows from financing activities:		
Gross proceeds received from issuance of Series E preferred stock	25,000	10,000
Gross proceeds from the issuance of 2025 Notes	100,000	—
Payment of issuance costs related to 2025 Notes	(3,645)	—
Cash paid to investors in private exchange transactions	(32,062)	—
Payoff of term loan and related extinguishment costs	(48,830)	—
Repurchase of Series E preferred stock	(2,354)	—
Proceeds from the exercise of warrants to purchase common stock	1,861	17,542
Net borrowing of bank and overdraft facilities	(199)	(1,047)
Principal payments under finance lease obligations	(2,756)	(1,022)
Proceeds from stock option exercises and employee stock purchase plan, net of taxes paid on vested restricted stock units	5,066	1,996
Net cash provided by financing activities	42,081	27,469
Effect of exchange rates on cash	523	(259)
Net increase (decrease) in cash, cash equivalents and restricted cash	27,941	(19,002)
Cash, cash equivalents and restricted cash, beginning of period	12,074	31,076
Cash, and cash equivalents, end of period	$ 40,015	$ 12,074

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Interest	$	3,215	$	9,296
Income taxes, net of tax refunds	$	142	$	939
Supplemental disclosures of non-cash activities:				
Transfer of inventories to rental assets	$	4,036	$	3,748
Purchases of property, plant and equipment under capital lease	$	664	$	1,341
Right-of-use assets obtained in exchange for operating leases liabilities	$	7,931	$	4,694
Capital expenditures financed through accounts payable or accrued liabilities	$	5,710	$	2,926
Issuance of common stock under Settlement Agreement	$	972	$	1,439
Preferred stock issued in extinguishment of term loan accrued interest	$	2,330	$	—
Debt discount and issuance costs extinguished in notes conversion	$	1,728	$	—
2022 Notes conversion to equity	$	59,907	$	—
Novatel Wireless Notes conversion to equity	$	250	$	—
2025 Notes issued to extinguish 2022 Notes	$	80,375	$	—
2025 Notes conversion, including shares issued in satisfaction of interest-make-whole payment	$	14,353	$	—

See accompanying notes to consolidated financial statements.

1. Nature of Business and Significant Accounting Policies

Inseego Corp. (the "Company" or "Inseego") is a leader in the design and development of fixed and mobile wireless solutions (advanced 4G and 5G New Radio ("5G NR")), industrial Internet of Things ("IIoT") and cloud solutions for large enterprise verticals, service providers and small and medium-sized businesses around the globe. Inseego's customers include wireless service providers, fortune 500 enterprises, consumers, governments, and first responders. Product portfolio consists of fixed and mobile device-to-cloud solutions that provide compelling, intelligent, reliable and secure end-to-end IoT services with deep business intelligence. Inseego's products and solutions, designed and developed in the U.S., power mission critical applications with a "zero unscheduled downtime" mandate, such as our 5G fixed wireless access ("FWA") gateway solutions, 4G and 5G mobile broadband, IIoT applications such as SD WAN failover management, asset tracking and fleet management services. Inseego's solutions are powered by its key wireless innovations in mobile and FWA technologies, including a suite of products employing the 5G NR standards, and purpose-built SaaS cloud platforms.

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

Basis of Presentation

The Company had a net loss attributable to Inseego Corp. of $111.2 million during the year ended December 31, 2020. As of December 31, 2020, the Company had available cash and cash equivalents totaling $40.0 million and working capital of $38.4 million. The Company has a history of operating and net losses and overall usage of cash from operating and investing activities.

On March 6, 2020, the Company issued and sold 25,000 shares of Fixed-Rate Cumulative Perpetual Preferred Stock, Series E, par value $0.001 per share (the "Series E Preferred Stock"), for an aggregate purchase price of $25.0 million.

In the first quarter of 2020, $59.9 million of the Company's 5.5% convertible senior notes due 2022 (the "2022 Notes" formerly referred to as the "Inseego Notes") were exchanged for common stock in private exchange transactions. Additionally, in the second quarter of 2020, the Company restructured its outstanding debt by completing a $100.0 million registered public offering (the "Offering") of 3.25% convertible senior notes due 2025 (the "2025 Notes") and also entered into privately-negotiated exchange agreements ("Exchange Agreements"), pursuant to which an aggregate of $45.0 million in principal amount of the 2022 Notes were exchanged for an aggregate of $32.0 million in cash and $80.4 million in principal amount of the 2025 Notes (the "Private Exchange Transactions"). The Company also used a portion of the proceeds from the Offering to repay in full its previous term loan. In the third quarter of 2020, the Company redeemed the remaining $2,000 principal amount of the 2022 Notes.

During the quarter ended September 30, 2020, certain holders of the 2025 Notes converted approximately $13.5 million in principal amount of the 2025 Notes into 1,177,156 shares of the Company's common stock in accordance with the terms of such notes. As of December 31, 2020, the Company's outstanding debt primarily consisted of $166.9 million in principal amount of 2025 Notes.

Additionally, in January 2021, the Company sold 1,516,073 shares of common stock, at a public offering price of $20.11 per share, for net proceeds of $29.6 million, pursuant to the ATM Offering. See Note 15, *Subsequent Events*.

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

The Company's liquidity could be impaired if there is any interruption in its business operations, a material failure to satisfy its contractual commitments or a failure to generate revenue from new or existing products. There can be no assurance that any required or desired restructuring or financing will be available on terms favorable to the Company, or at all.

Additionally, the Company is uncertain of the full extent to which the COVID-19 pandemic will impact the Company's business, operations and financial results.

Principles of Consolidation

The 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. Estimates are assessed each period and updated to reflect current information, such as the economic considerations related to the impact that the novel coronavirus pandemic ("COVID-19") could have on our significant accounting estimates. Significant estimates include revenue recognition, capitalized software costs, allowance for doubtful accounts receivable, provision for excess and obsolete inventory, valuation of intangible and long-lived assets, valuation of goodwill, valuation of derivatives, accruals relating to litigation, income taxes, and share-based compensation expense.

Segment Information

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

Cash and Cash Equivalents

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

Allowance for Doubtful Accounts Receivable

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

Inventories and Provision for Excess and Obsolete Inventory

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

The Company believes that, when made, the estimates used in calculating the inventory provision are reasonable and properly reflect the risk of excess and obsolete inventory. If customer demand for the Company's inventory is substantially less 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. Land is not depreciated. Buildings are depreciated over 50 years. Leasehold improvements are depreciated over the shorter of the related remaining lease period or useful life, not to exceed 5 years. Product tooling is depreciated over 13 months. Computer equipment, purchased software, vehicles, production equipment, and furniture and fixtures, are depreciated over lives ranging from 2 to 5 years. 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, 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.

Research and development

Research and development expense consists primarily of personnel costs for our engineers engaged in the design and development of our products, software and technologies, including salary, bonus and share-based compensation expense, project material costs, services, depreciation and amortization. Such costs are charged to research and development expense as they are incurred, to the extent not capitalized as software development costs for external or internal use.

Software Development Costs for External Use

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

Software Development Costs for Internal Use

Costs incurred in the preliminary stages of development are expensed as incurred and included in research and development expense in the consolidated statements of operations. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing performed to ensure the product is ready for its intended use. The Company also capitalizes costs related to specific upgrades and enhancements of internal-use software when it is probable that the expenditures will result in additional functionality. Maintenance and training costs are expensed as incurred. Capitalized internal-use software costs are recorded as part of intangible assets and are amortized on a straight-line basis over the estimated useful life of the software. The Company tests these assets for impairment whenever events or circumstances occur that could impact their recoverability. For the year ended December 31, 2020 and 2019, the Company recorded $1.4 million and $0 of impairment loss, respectively, related to software development costs for internal use.

Intangible Assets

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

Indefinite-lived assets, including goodwill and in-process capitalized software development costs, are not amortized; however, they are tested for impairment annually, and between annual tests, if certain events occur indicating that the carrying amounts may be impaired. The Company performs an annual impairment review of indefinite-lived assets during the fourth fiscal quarter of each year, and more frequently if we believe indicators of impairment exist. To review for impairment, we first assess qualitative factors to determine whether events or circumstances lead to a determination that it is more likely than not that the fair value of the Company's reporting unit is less than its carrying amount. The Company's qualitative assessment of the recoverability of indefinite-lived assets was based on various macroeconomic, industry-specific, and company specific factors. These factors include: (i) industry or economic trends; (ii) current, historical, or projected financial performance, and; (iii) the Company's market capitalization. After assessing the totality of events and circumstances, if the Company determines that it is not more likely than not that the fair value of the Company's reporting unit is less than its carrying amount, no further assessment is performed. If the Company determines that it is more likely than not that the fair value of the Company's reporting unit is less than its carrying amount, the Company calculates the fair value of the reporting unit and compares the fair value to the reporting unit's net book value. For the years ended December 31, 2020 and 2019, 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, 2020 and 2019, the Company had no impairment loss related to long-lived assets, except for the impairment of the capitalized software development costs for internal use, noted above.

Convertible Debt Instruments

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

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

Derivative Financial Instruments

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

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, 2020 and 2019 were as follows (in thousands):

	Year Ended December 31,	
	2020	2019
IoT & Mobile Solutions	$ 261,169	$ 160,873
Enterprise SaaS Solutions	52,663	58,623
Total	$ 313,832	$ 219,496

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

IoT & Mobile Solutions. The IoT & Mobile Solutions portfolio is comprised of end-to-end edge to cloud solutions including 4G LTE mobile broadband gateways, routers, modems, hotspots, HD quality VoLTE based wireless home phones, cloud management software and an advanced 5G portfolio of products (currently in various stages of development). The solutions are offered under the MiFi and MiFi™ brands for consumer and business markets, and under the Skyus brand for industrial IoT markets. Effective in the third quarter ended on September 30, 2020, IoT & Mobile Solutions now also includes the Company's Device Management System ("DMS"), rebranded as Inseego Subscribe™ , a hosted SaaS platform that helps organizations manage the selection, deployment and spend of their customer's wireless assets, helping them save money on personnel and telecom expenses. The Company reclassified its Inseego Subscribe revenue stream from Enterprise SaaS Solutions to better reflect the Company's end user delineation. This reclassification had no impact on previously reported total net revenue, gross profit, or net loss.

Enterprise SaaS Solutions. The Enterprise SaaS Solutions 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.

Contracts with Customers

The Company follows Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* (as amended, "ASC 606"), which provides guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate. The standard requires that an entity recognize revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

The Company determines revenue recognition through the following five steps:

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

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

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

Revenue Recognition

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

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

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

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

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

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

Multiple Performance Obligations

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

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

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

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, 2020.

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

Significant Judgments in the Application of the Guidance in ASC 606

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

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

Shipping and Handling Charges

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

Taxes Collected from Customers

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

Foreign Currency Transactions

Foreign currency transactions are transactions denominated in a currency other than a subsidiary's functional currency. A change in the exchange rates between a subsidiary's functional currency and the currency in which a transaction is denominated increases or decreases the expected amount of functional currency cash flows upon settlement of the transaction. That increase or decrease in expected functional currency cash flows is reported by the Company as a foreign currency transaction gain (loss). The primary component of the Company's foreign currency transaction gain (loss) is due to agreements in place with certain subsidiaries in foreign countries regarding intercompany transactions. Based upon historical experience, the Company anticipates repayment of these transactions in the foreseeable future, and recognizes the realized and unrealized gains (losses) on these transactions that result from foreign currency changes in the period in which they occur as foreign currency transaction gain (loss), which is recorded as other income, 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 RSUs to employees, non-employee consultants and non-employee members of our Board of Directors. The Company also has an employee stock purchase plan ("ESPP") for eligible employees. The Company measures the compensation cost associated with all share-based payments based on grant date fair values. The fair value of each stock option and stock purchase right is estimated on the date of grant using an option pricing model that meets certain requirements. The Company generally uses the Black-Scholes option pricing model to estimate the fair value of its stock options and stock purchase rights. The Black-Scholes model is considered an acceptable model but the fair values generated by it may not be indicative of the actual fair values of the Company's equity awards as it does not consider certain factors important to those awards to recipients, such as continued service and periodic vesting requirements, as well as limited transferability. The determination of the fair value of share-based payment awards utilizing the Black-Scholes model is affected by the Company's stock price and a number of assumptions, including expected volatility, expected term, risk-free interest rate and expected dividends.

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

The expected term of stock options granted is estimated using historical experience. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected terms of the Company's stock options and stock purchase rights. The dividend yield assumption is based on the Company's history and expectation of no dividend payouts. The Company estimates forfeitures at the time of grant and revises these estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company estimates its forfeiture rate assumption for all types of share-based compensation awards based on historical forfeiture rates related to each category of award.

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

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

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

Net Loss Per Share Attributable to Inseego Corp.

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

Fair Value of Financial Instruments

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

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

Comprehensive Loss

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

Prior Period Reclassifications

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

New Accounting Pronouncements

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

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

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires measurement and recognition of expected credit losses for financial assets held. This guidance is effective for interim and annual periods beginning after December 15, 2019. There was no impact from the adoption of this pronouncement to the Company's consolidated financial statements.

2. Financial Statement Details

Inventories

Inventories consist of the following (in thousands):

	December 31, 2020	December 31, 2019
Finished goods	$ 27,009	$ 21,229
Raw materials and components	6,943	4,061
	$ 33,952	$ 25,290

Property, Plant and Equipment

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

	December 31, 2020	December 31, 2019
Land	$ 244	$ 253
Buildings	2,213	2,303
Test equipment	16,775	10,952
Computer equipment and purchased software	7,899	6,911
Product tooling	3,125	2,139
Furniture and fixtures	1,310	1,535
Vehicles	2,988	2,535
Leasehold improvements	860	145
	35,414	26,773
Less—accumulated depreciation and amortization	(21,715)	(16,017)
	$ 13,699	$ 10,756

At December 31, 2020, the Company had vehicles and equipment under finance leases with an aggregate carrying value of $2.6 million, net of accumulated amortization of $1.0 million. At December 31, 2019, the Company had vehicles and equipment under finance leases with an aggregate carrying value of $2.1 million, net of accumulated amortization of $2.6 million.

Rental Assets

Rental assets consist of the following (in thousands):

	December 31, 2020	December 31, 2019
Rental assets	$ 21,863	$ 18,176
Less—accumulated depreciation	(15,754)	(12,791)
	$ 6,109	$ 5,385

Depreciation and amortization expense related to property, plant and equipment, including equipment under capital leases, and rental assets was $10.0 million and $8.8 million for the years ended December 31, 2020 and 2019, respectively.

Accrued Expenses and Other Current Liabilities

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

	December 31, 2020	December 31, 2019
Royalties	$ 2,410	$ 1,415
Payroll and related expenses	6,006	2,716
Professional fees	921	483
Accrued interest	888	1,543
Deferred revenue	2,853	2,235
Operating lease liabilities	1,619	1,101
Acquisition-related liabilities	—	1,000
Other	8,676	7,555
	$ 23,373	$ 18,048

3. Goodwill and Other Intangible Assets

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

Balance at December 31, 2018	$ 32,942
Effect of change in foreign currency exchange rates	717
Balance at December 31, 2019	33,659
Effect of change in foreign currency exchange rates	(1,148)
Balance at December 31, 2020	$ 32,511

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

	December 31, 2020			
	Weighted-Average Life (in years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Finite-lived intangible assets:				
Developed technologies	6.0	$ 12,692	$ (10,878)	$ 1,814
Trademarks and trade names	10.0	17,823	(9,597)	8,226
Customer relationships	8.5	12,306	(8,703)	3,603
Capitalized software development costs	3.3	47,818	(31,051)	16,767
Other	2.5	3,389	(2,791)	598
Total finite-lived intangible assets		$ 94,028	$ (63,020)	31,008
Indefinite-lived intangible assets:				
In-process capitalized software development costs				20,479
Total intangible assets				$ 51,487

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

Amortization expense for the years ended December 31, 2020 and 2019 was approximately $18.0 million and $9.7 million, respectively, including approximately $12.9 million and $4.1 million related to capitalized software development costs for the years ended December 31, 2020 and 2019, respectively.

The Company recorded a $1.4 million impairment loss on intangible assets during the years ended December 31, 2020 and no impairment loss during the year ended December 31, 2019.

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

2021	13,026
2022	7,390
2023	4,383
2024	3,937
2025	2,272
Total	$ 31,008

4. Fair Value Measurement of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). A fair value measurement reflects the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risk inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model.

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

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

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

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

The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. There have been no transfers of assets or liabilities between fair value measurement classifications during the year ended December 31, 2020.

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, 2020 (in thousands):

	Balance as of December 31, 2020	Level 1
Assets:		
Cash equivalents		
Money market funds	$ 126	$ 126
Total cash equivalents	$ 126	$ 126

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

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

	Balance as of December 31, 2020	Level 3
Liabilities:		
2025 Notes		
Interest make-whole payment	$ 4,898	$ 4,898
Total embedded derivatives	$ 4,898	$ 4,898

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

	May 12, 2020	December 31, 2020
Volatility	60 %	50 %
Stock price	$10.62 per share	$15.47 per share
Credit spread	14.97 %	19.25 %
Term	4.97 years	4.34 years
Dividend yield	— %	— %
Risk-free rate	0.34 %	0.30 %

The following table sets forth a summary of changes in the fair value of Level 3 liabilities for the twelve months ended December 31, 2020 (in thousands):

	Balance as of December 31, 2019	Additions	Conversions	Change in fair value	Balance as of December 31, 2020
Liabilities:					
Interest make-whole payment	$ —	$ 4,582	$ (281)	$ 597	$ 4,898

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

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

Changes in the fair value of the interest make-whole payment are included in the Company's consolidated statement of operations for the current fiscal year within other income, net. During the year ended December 31, 2020, certain holders of the 2025 Notes converted an aggregate of approximately $13.5 million in principal amount of the 2025 Notes into shares of the Company's common stock in accordance with the terms of such notes and a portion of the embedded derivative was settled in shares of the Company's common stock resulting in $0.3 million of the derivative liability being extinguished upon conversion. As of December 31, 2020, the embedded derivative had a fair value of $4.9 million and a $0.6 million loss on the change in fair value was recorded to other income (expense), net, on the consolidated statement of operations.

During the years ended December 31, 2020 and 2019, there were no transfers between the levels within the fair value hierarchy.

Other Financial Instruments

The Company's financial assets and liabilities are carried at fair value or at amounts that, because of their short-term nature, approximate current fair value, with the exception of the 2025 Notes and 2022 Notes. (See Note 5, *Debt*).

The Company carries its 2025 Notes at amortized cost adjusted for changes in fair value of the embedded derivative. It is not practicable to determine the fair value of the 2025 Notes due to the lack of information available to calculate the fair value of such notes.

5. Debt

Long-Term Debt

Term Loan

On August 23, 2017, the Company and certain of its direct and indirect subsidiaries (the "Guarantors") entered into a credit agreement (the "Credit Agreement") with Cantor Fitzgerald Securities, as administrative agent and collateral agent, and certain lenders (the "Lenders"). Pursuant to the Credit Agreement, the Lenders provided the Company with a term loan in the principal amount of $48.0 million (the "Term Loan") with a maturity date of August 23, 2020 (the "Maturity Date"). In conjunction with the closing of the Term Loan, the Company received proceeds of $46.9 million, $35.0 million of which was funded to the Company in cash on the closing date, net of an original issue discount and commitment fee, and the remaining $11.9 million of which was funded through the Company's repurchase and cancellation of approximately $14.9 million of its then outstanding 2022 Notes pursuant to the terms of the Note Purchase Agreement (as defined below). The Company paid issuance costs of approximately $0.5 million. Additionally, the Company issued shares of its common stock and accrued an exit fee, which, when combined with the original debt discount and commitment fee, resulted in a total debt discount of approximately $4.0 million.

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

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

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

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

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

The effective interest rate on the Term Loan was 15.19% for the year ended December 31, 2020. The following table sets forth total interest expense recognized related to the Term Loan during the years ended December 31, 2020 and 2019 (in thousands):

	Year Ended December 31,	
	2020	2019
Contractual interest expense	$ 1,667	$ 4,789
Amortization of debt discount	859	1,331
Amortization of debt issuance costs	103	161
Total interest expense	$ 2,629	$ 6,281

Convertible Notes

2025 Notes

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

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

During the year ended December 31, 2020, certain holders of the 2025 Notes converted pursuant to the original terms of the 2025 Notes, an aggregate of approximately $13.5 million in principal amount of the 2025 Notes into 1,177,156 shares of the Company's common stock, including 108,572 shares of common stock issued in satisfaction of the interest make-whole payment. In connection therewith, the Company recorded a loss of $1.2 million in the consolidated statement of operations.

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

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

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

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

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

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

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

Interest make-whole payment

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

As of December 31, 2020, $166.9 million in principal amount of the 2025 Notes were outstanding, $80.4 million of which was held by related parties. Assuming no repurchases or conversion of the 2025 Notes prior to May 1, 2025, the entire principal balance of $166.9 million of the 2025 Notes, is due on May 1, 2025.

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

	December 31, 2020
Liability component	
Principal	$ 166,898
Add: fair value of embedded derivative	4,898
Less: unamortized debt discount	(3,703)
Less: unamortized issuance costs	(2,946)
Net carrying amount	$ 165,147

The effective interest rate on the liability component of the 2025 Notes was 4.10% for the twelve months ended December 31, 2020. The following table sets forth total interest expense recognized related to the 2025 Notes (in thousands):

	Year Ended December 31, 2020
Contractual interest expense	$ 3,434
Amortization of debt discount	552
Amortization of debt issuance costs	439
Total interest expense	$ 4,425

As the offering of the 2025 Notes took place during the twelve months ended December 31, 2020, there was no interest expense in the comparable twelve months of 2019.

Subsequent to December 31, 2020, $5.0 million of the 2025 Notes were converted into 428,669 shares, pursuant to original terms of the 2025 Notes, including 32,221 shares of common stock in satisfaction of the interest-make-whole payments.

2022 Notes

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

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

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

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

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

The effective interest rate on the liability component of the 2022 Notes was 12.89% for the twelve months ended December 31, 2020. The following table sets forth total interest expense recognized related to the 2022 Notes (in thousands):

	Year Ended December 31,	
	2020	2019
Contractual interest expense	$ 768	$ 5,782
Amortization of debt discount	1,952	7,821
Amortization of debt issuance costs	111	459
Total interest expense	$ 2,831	$ 14,062

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, which were governed by the terms of an indenture, dated June 10, 2015, between Novatel Wireless, as issuer, Inseego and Wilmington Trust, National Association, as trustee, as amended by certain supplemental indentures ("the Novatel Indenture"). On January 9, 2017, in connection with the settlement of an exchange offer and consent solicitation with respect to the Novatel Wireless Notes (the "Note Exchange"), approximately $119.8 million aggregate principal amount of outstanding Novatel Wireless Notes were validly tendered and accepted for exchange and subsequently canceled. In February 2020, the holders of the remaining $250,000 of the aggregate principal amount of Novatel Wireless Notes that remained outstanding following the Note Exchange, converted their Novatel Wireless Notes into 50,000 shares of Inseego Corp. common stock, at the conversion price of $5.00 per share, in accordance with the terms of the Novatel Indenture. Accordingly, no Novatel Wireless Notes were outstanding as of December 31, 2020.

6. Income Taxes

The Company's loss before income taxes for the years ended December 31, 2020 and 2019 is comprised of the following (in thousands):

	Year Ended December 31,	
	2020	2019
Domestic	$ (109,837)	$ (39,187)
Foreign	(601)	(387)
Loss before income taxes	$ (110,438)	$ (39,574)

The provision for income taxes for the years ended December 31, 2020 and 2019 is comprised of the following (in thousands):

	Year Ended December 31,	
	2020	2019
Current:		
Federal	$ —	$ (49)
State	(4)	35
Foreign	93	1,148
Total current	89	1,134
Deferred:		
Federal	12	12
State	—	—
Foreign	647	(610)
Total deferred	659	(598)
Provision for income taxes	$ 748	$ 536

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

	December 31,	
	2020	2019
Deferred tax assets:		
Accrued expenses	$ 1,940	$ 647
Provision for excess and obsolete inventory	2,016	2,003
Convertible debt	13,367	—
Interest expense limitation	7,798	5,562
Net operating loss and tax credit carryforwards	108,340	95,258
Share-based compensation	1,911	1,226
Right-of-use-asset	2,059	650
Unrecognized tax benefits	1,567	1,288
Deferred tax assets	138,998	106,634
Deferred tax liabilities:		
Operating lease liability	(2,059)	(650)
Acquired intangible assets	(2,155)	(3,623)
Convertible debt	—	(866)
Depreciation and amortization	(5,545)	(1,742)
Unrealized foreign currency gains	(375)	—
Deferred tax liabilities	(10,134)	(6,881)
Valuation allowance	(133,369)	(103,702)
Net deferred tax liabilities	$ (4,505)	$ (3,949)

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, 2020 and 2019, the Company recognized valuation allowances of $26.4 million and $9.2 million, respectively, related to its deferred tax assets created in those respective years. As a result, no net income tax benefits resulted in the Company's statements of operations from the operating losses created during those years.

The provision for income taxes reconciles to the amount computed by applying the statutory federal income tax rate of 21% in 2020 and 2019 to loss before income taxes as follows (in thousands):

	Year Ended December 31,	
	2020	2019
Federal tax benefit, at statutory rate	$ (23,192)	$ (8,311)
State benefit, net of federal benefit	(1,285)	27
Foreign tax rate difference	(140)	476
Valuation allowance against future tax benefits	26,410	9,168
Loss on conversion of debt	2,015	—
Research and development credits	(2,355)	(1,456)
Share-based compensation	(1,134)	341
Other, including true-up of prior year provisions	429	291
Provision for income taxes	$ 748	$ 536

At December 31, 2020, the Company had U.S. federal net operating loss carryforwards ("NOLs") related to tax years 2020 and prior of approximately $429.3 million. Approximately $81.5 million of these NOLs have no expiration date. The remainder begin to expire in 2021, unless previously utilized. Some of these NOLs may be limited by either past or future changes in control events. The Company has California net operating loss carryforwards at December 31, 2020 of approximately $55.0 million, which begin to expire in 2028, unless previously utilized, and foreign net operating losses for its active foreign subsidiaries of approximately $46.7 million, which generally have no expiration date. At December 31, 2020, the Company had federal research and development tax credit carryforwards of approximately $12.8 million, which begin to expire in 2026, unless previously utilized, and California research and development tax credit carryforwards of approximately $14.0 million, which have no expiration date.

Pursuant to Internal Revenue Code ("IRC") Sections 382 and 383, annual use of the Company's net operating loss and research and development credit carryforwards may be limited in the event a cumulative change in ownership of more than 50% occurs within a rolling three-year period. An analysis was performed for the period through December 31, 2020 and did not identify any events of cumulative change in ownership during the review period. The Company will continue monitoring any future changes in stock ownership.

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.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which includes modifications to the limitation on business interest expense and net operating loss provisions, and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. Payments of approximately $1.4 million of employer payroll taxes otherwise due in 2020, were delayed with 50% due by December 31, 2021 and the remaining 50% by December 31, 2022. The CARES Act did not have a material impact on the Company's consolidated financial statements.

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, 2020 and 2019. At December 31, 2020 and 2019, the Company did not have interest expense related to uncertain tax positions or a liability for unrecognized tax benefits. The Company does not expect changes to its uncertain tax position in the next twelve months.

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

Balance at December 31, 2018	$	36,906
Increases related to current and prior year tax positions		929
Balance at December 31, 2019		37,835
Increases related to current and prior year tax positions		1,796
Balance at December 31, 2020	$	39,631

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, 2020.

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 2016 and 2015, respectively. Net operating loss carryforwards arising prior to these years are also open to examination, if and when utilized. The Company believes appropriate provisions for all outstanding issues have been made for all jurisdictions and all open years. However, because audit outcomes and the timing of audit settlements are subject to significant uncertainty, the Company's current estimate of the total amounts of unrecognized tax benefits could increase or decrease for all open years.

7. Stockholders' Equity

On August 6, 2018, the Company completed a private placement of 12,062,000 shares of its common stock and warrants (the "2018 Warrants") to purchase an additional 4,221,700 shares of its common stock, subject to adjustment for stock splits, reverse stock splits, stock dividends and similar transactions, to certain accredited investors for gross proceeds of $19.7 million in cash. Each warrant had an initial exercise price of $2.52 per share, subject to adjustment for stock splits, reverse stock splits, stock dividends and similar transactions.

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

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

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

Preferred Stock

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

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

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

There were no dividends declared and $2.9 million and $0.4 million of dividends were accrued as of December 31, 2020, and 2019, respectively.

Rights Agreement

On January 22, 2018, the Company entered into a Rights Agreement with Computershare Trust Company, N.A., a federally chartered trust company, as rights agent (as subsequently amended, 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 entitled 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 were not exercisable until the Distribution Date (as defined in the Rights Agreement). The Rights expired on January 22, 2021.

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

The Investors will remain Grandfathered Stockholders under the terms of the Rights Agreement as long as they do not acquire, after the date of the Third Amendment to Rights Agreement, beneficial ownership of Company securities (other than as a result of any adjustment provision or the accrual of interest under any outstanding convertible notes) equal to more than 0.50% of the then-outstanding common stock. The Rights expired on January 22, 2021.

Common Shares Reserved for Future Issuance

The Company had reserved shares of common stock for possible future issuance as of December 31, 2020 and 2019 as follows:

	December 31,	
	2020	2019
Common stock warrants outstanding	2,500,000	2,838,454
Stock options outstanding	8,479,979	9,044,304
Restricted stock units outstanding	417,105	400,315
Shares available for issuance pursuant to Convertible Notes	15,879,948	40,649,225
Shares available for future grants of awards under the 2018 Omnibus Incentive Compensation Plan	2,849,488	2,488,221
Shares available under the 2000 Employee Stock Purchase Plan	391,201	622,476
Total shares of common stock reserved for issuance	30,517,721	56,042,995

8. Share-based Compensation

During the year ended December 31, 2020, 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.

During the year ended December 31, 2019, the Board approved and transferred all available shares from the 2015 Plan to the 2018 Plan. Under the 2018 Plan, a maximum of 8,897,084 shares 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, 2020 and 2019, 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,	
	2020	2019
Cost of revenues	$ 1,583	$ 1,133
Research and development	2,823	1,548
Sales and marketing	2,346	1,669
General and administrative	3,667	2,952
Total	$ 10,419	$ 7,302

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,	
	2020	2019
Expected dividend yield	— %	— %
Risk-free interest rate	0.9 %	1.8 %
Volatility	95 %	81 %
Expected term (in years)	5.8	5.8

The weighted-average fair value of stock option awards granted during the years ended December 31, 2020 and 2019 was $7.11 and $3.56, respectively.

The following table summarizes the Company's stock option activity for the years ended December 31, 2020 and 2019 (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, 2019	9,044,304	$ 2.91		
Granted	1,526,000	9.41		
Exercised	(1,357,620)	3.06		
Canceled	(732,705)	3.60		
Outstanding — December 31, 2020	8,479,979	$ 3.99	7.47	$ 97,315
Vested and Expected to Vest — December 31, 2020	7,667,800	$ 3.71	7.34	$ 90,150
Exercisable — December 31, 2020	4,293,975	$ 2.10	6.41	$ 57,398

During the year ended December 31, 2019, 1,489,067 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, 2020 and 2019 was approximately $11.7 million and $5.6 million, respectively.

As of December 31, 2020, total unrecognized share-based compensation expense related to non-vested stock options was $12.3 million, which is expected to be recognized over a weighted-average period of approximately 2.5 years. The Company recognized approximately $5.8 million and $3.5 million of share-based compensation expense related to the vesting of stock option awards during the years ended December 31, 2020 and 2019, 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 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, 2020 is presented below:

	Number of Shares	Weighted-Average Grant-Date Fair Value
Non-vested — December 31, 2019	400,315	$ 3.95
Granted	570,368	10.52
Vested	(548,160)	7.28
Forfeited	(5,418)	4.06
Non-vested — December 31, 2020	417,105	$ 8.68

During the year ended December 31, 2019, the weighted-average grant-date fair value of RSUs granted was $5.07. During the years ended December 31, 2020 and 2019, the total fair value of shares vested was $5.1 million and $4.0 million, respectively.

As of December 31, 2020, there was $1.8 million of unrecognized share-based compensation expense related to non-vested RSUs, which is expected to be recognized over a weighted-average period of 2.2 years. The Company recognized approximately $4.1 million and $3.5 million of share-based compensation expense related to the vesting of RSUs during the years ended December 31, 2020 and 2019, respectively.

2000 Employee Stock Purchase Plan

The ESPP permits eligible employees of the Company to purchase newly issued shares of common stock, at a price equal to 85% of the lower of the fair market value on (i) the first day of the offering period or (ii) the last day of each six-month 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, 2020 and 2019, the Company issued 231,275 shares and 203,061 shares, respectively, under the ESPP. The Company recognized approximately $0.6 million and $0.3 million of share-based compensation expense related to the ESPP during the years ended December 31, 2020 and 2019, respectively.

9. Earnings per Share

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

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

	Year Ended December 31, 2020	Year Ended December 31, 2019
Net loss attributable to common stockholders	$ (114,119)	$ (40,486)
Weighted-average common shares outstanding	96,111,547	78,322,496
Basic and diluted net loss per share	$ (1.19)	$ (0.52)

For the year ended December 31, 2020, the computation of diluted EPS excluded 26,180,766 shares, primarily related to Convertible Notes, warrants, stock options and RSUs for which the effect would have been anti-dilutive.

10. Commitments and Contingencies

Legal

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

On May 11, 2017, the Company initiated a lawsuit against the former stockholders of R.E.R. Enterprises, Inc. ("RER") in the Court of Chancery of the State of Delaware seeking recovery of damages for civil conspiracy, fraud in the inducement, unjust enrichment and breach of fiduciary duty. On January 16, 2018, the former stockholders of RER filed an answer and counterclaim in the matter seeking recovery of certain deferred and earn-out payments allegedly owed to them by the Company in connection with the Company's acquisition of RER. On July 26, 2018, the Company and the former stockholders of RER entered into a mutual general release and settlement agreement (the "Settlement Agreement") pursuant to which the parties agreed to release all claims against each other and the Company agreed to (i) pay the former stockholders of RER $1.0 million in cash by August 17, 2018, (ii) immediately instruct its transfer agent to permit the transfer or sale of 973,333 shares of the Company's common stock that the Company had issued to the former stockholders of RER in March 2017, (iii) immediately issue 500,000 shares of the Company's common stock to the former stockholders of RER, (iv) within 12 months following the execution of the Settlement Agreement, deliver to the former stockholders of RER an additional $1.0 million in cash, common stock, or a combination thereof, at the Company's option, (v) within 24 months following the execution of the Settlement Agreement deliver to the former stockholders of RER an additional $1.0 million in cash, common stock, or a combination thereof, at the Company's option, and (vi) file one or more registration statements with respect to the resale of the shares of the Company's common stock issued to the former stockholders of RER pursuant to the Settlement Agreement. On July 24, 2020, the Company issued 89,928 shares of common stock to the former stockholders of RER in satisfaction of all remaining liabilities under the Settlement Agreement.

Indemnification

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

11. Leases

Lessee

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

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

Right-of-use assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments as specified in the lease. Right-of-use assets and lease liabilities related to the Company's operating leases are recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term. When the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the lease term and the information available surrounding the Company's borrowing rates at the lease commencement date in determining the present value of lease payments. The right-of-use asset also includes any lease payments made at or before lease commencement less any lease incentives. As of December 31, 2020, the Company had right-of-use assets of $9.1 million and lease liabilities related to its operating leases of $9.9 million. Right-of-use assets are included in right-of-use assets, net, on the consolidated balance sheet and lease liabilities related to the Company's operating leases are included in accrued expenses and other liabilities and other long-term liabilities on the consolidated balance sheet. As of December 31, 2020, the Company's weighted-average remaining lease term and weighted-average discount rate related to its operating leases were 5.8 years and 9.1%, respectively.

During the years ended December 31, 2020 and 2019, the cash paid for amounts included in the measurement of lease liabilities related to the Company's operating leases was approximately $1.9 million and $2.2 million, respectively, which is included as an operating cash outflow within the consolidated statements of cash flows. During the twelve months ended December 31, 2020 and 2019, the operating lease costs related to the Company's operating leases were approximately $2.2 million and $2.4 million, respectively, which is included in operating costs and expenses in the consolidated statements of operations. During the twelve months ended December 31, 2020, the Company entered into a lease agreement for its new corporate offices and renewed the lease on a research and development facility for which right-of-use assets were recorded in exchange for new lease liabilities.

The future minimum payments under operating leases were as follows at December 31, 2020 (in thousands):

2021	$ 2,460
2022	2,225
2023	1,916
2024	1,787
2025	1,630
Thereafter	2,807
Total minimum operating lease payments	12,825
Less: amounts representing interest	(2,921)
Present value of net minimum operating lease payments	9,904
Less: current portion	(1,619)
Long-term portion of operating lease obligations	$ 8,285

Lessor

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

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

12. Geographic Information and Concentrations of Risk

Geographic Information

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

	December 31, 2020	December 31, 2019
United States and Canada	$ 148,485	$ 81,769
South Africa	48,211	53,610
Other	30,698	25,994
	$ 227,394	$ 161,373

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

	Year Ended December 31, 2020	Year Ended December 31, 2019
United States and Canada	$ 260,009	$ 158,756
South Africa	28,208	35,001
Other	25,615	25,739
Total	$ 313,832	$ 219,496

Concentrations of Risk

For the years ended December 31, 2020 and 2019, one customer accounted for 54.5% and 52.5% of net revenues, respectively. At December 31, 2020, two customers accounted for 33.3% and 17.2% of total accounts receivable. At December 31, 2019, two customers accounted for 25.0% and 11.2% of total accounts receivable.

During the years ended December 31, 2020 and 2019, the Company recorded net foreign currency transaction losses of approximately $0.7 million and $0.3 million, respectively, primarily related to outstanding intercompany loans that Ctrack has with certain of its subsidiaries, which are remeasured at each reporting period and payable upon demand.

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

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 $0.7 million and $0.4 million for the years ended December 31, 2020 and 2019, respectively. Employer matching contributions vest immediately.

14. Quarterly Financial Information (Unaudited)

The following is a summary of unaudited quarterly results of operations for the years ended December 31, 2020 and 2019:

	2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share amounts)			
Net revenues	$ 56,840	$ 80,689	$ 90,240	$ 86,063
Gross profit	17,227	22,000	25,170	26,447
Net loss attributable to common stockholders	(18,590)	(75,665)	(6,271)	(13,593)
Basic and diluted net loss per share	(0.20)	(0.78)	(0.06)	(0.14)

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

15. Subsequent Events

At-the-Market Offering

On January 25, 2021, the Company entered into an Equity Distribution Agreement with Canaccord Genuity LLC (the “Agent”), pursuant to which the Company may offer and sell, from time to time, through or to the Agent, up to $40.0 million of shares of its common stock (the “ATM Offering”) pursuant to the Company’s Registration Statement on Form S-3ASR (File No. 333-238057), which was filed with the Securities and Exchange Commission on May 7, 2020, and the 424(b) prospectus supplement relating to the Offering dated January 25, 2021.

In January 2021, the Company sold 1,516,073 shares of common stock, at a public offering price of $20.11 per share, for net proceeds of $29.6 million, pursuant to the ATM Offering.

Sale of Ctrack South African Operations

On February 24, 2021, the Company announced its entry into a Share Purchase Agreement with an affiliate of Convergence, to sell its South African operations, in an all-cash transaction for 528.9 million South African Rand (ZAR) (approximately $36.2 million United States Dollar (“USD”) based on an exchange rate on February 24, 2021 of 14.62 ZAR to 1 USD), subject to certain regulatory approvals and other closing conditions. The transaction is expected to close during the second quarter of fiscal 2021.

Exhibit 4.2

**Description of Equity Securities
Registered under Section 12
of the Exchange Act**

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

Authorized and Outstanding Capital Stock

Our authorized capital stock consists of 150,000,000 shares of Common Stock and 2,000,000 shares of preferred stock, par value $0.001 per share (the "Preferred Stock"), issuable in one or more series designated by the board of directors of the Company (the "Board"), of which 150,000 shares have been designated as Series D Preferred Stock (as defined below) and of which 39,500 shares have been designated as Series E Fixed-Rate Cumulative Perpetual Preferred Stock, par value $0.001 per share (the "Series E Preferred Stock"). As of February 23, 2021, there were 101,932,128 shares of Common Stock and 35,000 shares of Series E Preferred Stock issued and outstanding.

Common Stock

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

Each share of Common Stock includes Series D Preferred Stock purchase rights (the "Rights") pursuant to the rights agreement, dated as of January 22, 2018, between the Company and the rights agent named therein, as amended (the "Rights Agreement"). Prior to the occurrence of certain events, the Rights will not be exercisable or evidenced separately from the Common Stock. The Rights have no value except as reflected in the market price of the shares of the Common Stock to which they are attached, and can be transferred only with the shares of Common Stock to which they are attached. The Rights expired on January 22, 2021.

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

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

Preferred Stock

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

Series D Preferred Stock

The Series D Preferred Stock, par value $0.001 per share (the “Series D Preferred Stock”), is reserved for issuance in connection with the Rights outstanding under our Rights Agreement. The Series D Preferred Stock will not be redeemable at the option of the holder thereof. Each share of Series D Preferred Stock will be entitled to receive quarterly dividends when, and if declared by the Board, out of funds legally available for such purpose, equal to 1,000 times the aggregate of all dividends declared per share of Common Stock since the immediately preceding quarterly dividend payment date. In the event of our liquidation, the holders of Series D Preferred Stock will be entitled to an aggregate payment equal to 1,000 times the payment made per share of Common Stock, plus any accrued and unpaid dividends. Each share of Series D Preferred Stock shall be entitled to 1,000 votes, voting together with the shares of Common Stock, on any matter submitted to a vote of our stockholders. In the event of any merger, consolidation or other transaction in which shares of Common Stock are exchanged, each share of Series D Preferred Stock will be exchanged for 1,000 times the amount of consideration into which each share of Common Stock is exchanged. Because of the nature of the Series D Preferred Stock dividend, liquidation and voting rights, the value of the one one-thousandth share of Series D Preferred Stock purchasable upon exercise of each Right should approximate the value of one share of Common Stock. The Series D Preferred Stock would rank junior to any other series of Preferred Stock. There are currently no shares of Series D Preferred Stock issued and outstanding and the Rights expired on January 22, 2021.

Series E Preferred Stock

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

Anti-Takeover Effects of Some Provisions of Delaware Law

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

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

- the board of directors of the corporation approves either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, prior to the time the interested stockholder attained that status;

- upon the closing of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding, for purposes of determining the number of shares outstanding, those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66-2/3% of the outstanding voting stock that is not owned by the interested stockholder.

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

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

- any merger or consolidation involving the corporation and the interested stockholder;

- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;

- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or

- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

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

Anti-Takeover Effects of Our Charter Documents

Our Certificate of Incorporation provides for our Board to be divided into three classes serving staggered terms. Approximately one-third of the Board will be elected each year. The provision for a classified board could prevent a party who acquires control of a majority of the outstanding voting stock from obtaining control of the

Board until the second annual stockholders meeting following the date the acquirer obtains the controlling stock interest. The classified board provision could discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company and could increase the likelihood that incumbent directors will retain their positions.

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

Our Bylaws provide that our Board, our chairperson of the Board or our chief executive officer may call a special meeting of stockholders. Because our stockholders do not have the right to call a special meeting, a stockholder could not force stockholder consideration of a proposal over the opposition of the Board by calling a special meeting of stockholders prior to such time as a majority of the Board believed the matter should be considered or until the next annual meeting provided that the requestor met the notice and other requirements. The restriction on the ability of stockholders to call a special meeting means that a proposal to replace the Board also could be delayed until the next annual meeting.

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

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

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

Independent Registered Public Accounting Firm's Consent

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-3 No. 333-207255) of Novatel Wireless, Inc. (predecessor issuer to Inseego Corp.);

2) Registration Statement (Form S-3 Nos. 333-246353, 333-239728, 333-238057, 333-233206, 333-231350, 333-228315, 333-226753, and 333-221404) of Inseego Corp.; and

3) Registration Statements (Form S-8 Nos. 333-246367, 333-226754, 333-221405, 333-214965, 333-207233, 333-202648, 333-190879, 333-190878, 333-176490, 333-176489, 333-163033, 333-163032, 333-159287, 333-145482, 333-139730, and 333-53692) of Inseego Corp.

of our report dated March 1, 2021, with respect to our audits of the consolidated financial statements of Inseego Corp. as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 and our report dated March 1, 2021 with respect to our audit of internal control over financial reporting of Inseego Corp. as of December 31, 2020 which reports are included in this Annual Report on Form 10-K of Inseego Corp. for the year ended December 31, 2020.

/s/ Marcum LLP

Marcum LLP
Philadelphia, Pennsylvania
March 1, 2021

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Dan Mondor, certify that:

1. I have reviewed this annual report on Form 10-K of Inseego Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021

/s/ Dan Mondor

Dan Mondor

Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Craig L. Foster, certify that:

1. I have reviewed this annual report on Form 10-K of Inseego Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021

/s/ Craig L. Foster

Craig L. Foster

Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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

I, Dan Mondor, Chief Executive Officer of Inseego Corp. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Annual Report on Form 10-K of the Company for the year ended December 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2021

/s/ Dan Mondor

Dan Mondor
Chief Executive Officer
(principal executive officer)

Exhibit 32.2

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

I, Craig L. Foster, Chief Financial Officer of Inseego Corp. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Annual Report on Form 10-K of the Company for the year ended December 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: March 1, 2021

/s/ Craig L. Foster

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