

NUMEREX CORP /PA/

FORM 10-Q (Quarterly Report)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended March 31, 2017 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: 000-22920

NUMEREX CORP.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction
of incorporation or organization)

11-2948749
(I.R.S. Employer Identification No.)

400 Interstate Parkway, Suite 1350
Atlanta, GA
(Address of principal executive offices)

30339-2119
(Zip Code)

(770) 693-5950

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging Growth Company

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

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

As of May 8, 2017, 19,538,549 shares of the registrant's Class A common stock, no par value (being the registrant's only class of common stock outstanding) were outstanding.

NUMEREX CORP. AND SUBSIDIARIES

TABLE OF CONTENTS

	<u>Page</u>
PART I — FINANCIAL INFORMATION	
Item 1. Financial Statements	1
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	13
Item 3. Quantitative and Qualitative Disclosures about Market Risk	18
Item 4. Controls and Procedures	19
PART II — OTHER INFORMATION	
Item 1. Legal Proceedings	20
Item 1A. Risk Factors	20
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	20
Item 3. Defaults Upon Senior Securities	20
Item 4. Mine Safety Disclosures	20
Item 5. Other Information	20
Item 6. Exhibits	20
SIGNATURES	22

NUMEREX CORP. AND SUBSIDIARIES

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.**Index to Financial Statements**

	<u>Page</u>
Unaudited Condensed Consolidated Balance Sheets as of March 31, 2017 and December 31, 2016	2
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2017 and 2016	3
Unaudited Condensed Consolidated Statement of Shareholders' Equity for the three months ended March 31, 2017	4
Unaudited Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2017 and 2016	5
Unaudited Condensed Notes to Consolidated Financial Statements	6

NUMEREX CORP. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,682	\$ 9,285
Restricted cash	221	221
Accounts receivable, less allowance for doubtful accounts of \$795 and \$767	8,853	9,436
Financing receivables, current	1,735	1,778
Inventory, net of reserves	8,287	9,011
Prepaid expenses and other current assets	1,370	1,421
TOTAL CURRENT ASSETS	29,148	31,152
Financing receivables, less current portion	1,941	2,227
Property and equipment, net of accumulated depreciation and amortization of \$9,984 and \$9,225	5,836	6,022
Software, net of accumulated amortization	6,017	6,530
Other intangible assets, net of accumulated amortization	11,382	11,519
Goodwill	33,554	33,554
Other assets	243	474
TOTAL ASSETS	\$ 88,121	\$ 91,478
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 16,401	\$ 15,894
Accrued expenses and other current liabilities	3,225	3,209
Deferred revenues	1,666	1,882
Current maturities of long-term debt, net of debt issuance costs	3,912	1,275
Current portion of capital lease	306	291
TOTAL CURRENT LIABILITIES	25,510	22,551
Long-term debt, net of debt issuance costs, less current maturities	11,946	14,885
Capital lease, less current portion	735	797
Deferred tax liabilities, noncurrent	547	468
Other liabilities	1,422	1,512
TOTAL LIABILITIES	40,160	40,213
SHAREHOLDERS' EQUITY		
Preferred stock, no par value; 3,000 authorized; none issued	—	—
Class A common stock, no par value; 30,000 authorized; 20,992 and 20,935 issued; 19,532 and 19,608 outstanding	—	—
Class B common stock, no par value; 5,000 authorized; none issued	—	—
Additional paid-in capital	106,115	105,112
Treasury stock, at cost, 1,459 and 1,327 shares	(5,755)	(5,466)
Accumulated other comprehensive loss	(104)	(110)
Accumulated deficit	(52,295)	(48,271)
TOTAL SHAREHOLDERS' EQUITY	47,961	51,265
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 88,121	\$ 91,478

The accompanying notes are an integral part of these financial statements.

NUMEREX CORP. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS
(In thousands, except per share data)

	Three Months Ended	
	March 31,	
	2017	2016
Net revenues:		
Subscription and support revenues	\$13,470	\$14,984
Embedded devices and hardware	2,915	3,066
Total net revenues	16,385	18,050
Cost of sales		
Subscription and support revenues	5,464	5,701
Embedded devices and hardware	3,032	3,118
Gross profit	7,889	9,231
Operating expenses:		
Sales and marketing	3,142	2,945
General and administrative	2,945	4,129
Engineering and development	2,215	2,247
Depreciation and amortization	1,523	1,658
Restructuring charges	425	—
Operating loss	(2,361)	(1,748)
Interest expense	621	267
Loss on extinguishment of debt	228	290
Other expense (income), net	730	(43)
Loss before income taxes	(3,940)	(2,262)
Income tax expense	84	64
Net loss	(4,024)	(2,326)
Other items of comprehensive income, net of income taxes:		
Foreign currency translation adjustment	6	15
Comprehensive loss	\$ (4,018)	\$ (2,311)
Basic and diluted loss per share	\$ (0.21)	\$ (0.12)
Weighted average shares outstanding used in computing basic and diluted loss per share	19,524	19,377

The accompanying notes are an integral part of these financial statements.

NUMEREX CORP. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Shares	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
Balance at January 1, 2017	20,935	\$ 105,112	\$ (5,466)	\$ (110)	\$ (48,271)	\$ 51,265
Equity-based compensation expense	—	519	—	—	—	519
Exercises, vesting and other equity- based compensation plan activity, net	57	—	(289)	—	—	(289)
Value of shares retained to pay employee taxes	—	(111)	—	—	—	(111)
Warrants issued	—	595	—	—	—	595
Translation adjustment	—	—	—	6	—	6
Net loss	—	—	—	—	(4,024)	(4,024)
Balance at March 31, 2017	<u>20,992</u>	<u>\$ 106,115</u>	<u>\$ (5,755)</u>	<u>\$ (104)</u>	<u>\$ (52,295)</u>	<u>\$ 47,961</u>

The accompanying notes are an integral part of these financial statements.

NUMEREX CORP. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities:		
Net loss	\$(4,024)	\$ (2,326)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,973	1,965
Equity-based compensation expense	231	621
Loss on extinguishment of debt	228	289
Deferred income taxes	79	60
Bad debt expense	72	120
Inventory reserves	(123)	27
Other non-cash expense	65	21
Changes in assets and liabilities:		
Accounts and financing receivables	840	59
Inventory, net	308	(953)
Accounts payable	661	(680)
Deferred revenue	(253)	(150)
Other	251	107
Net cash provided by (used in) operating activities	308	(840)
Cash flows from investing activities:		
Purchases of property and equipment	(187)	(297)
Capitalized software development and purchases of software	(565)	(983)
Net cash used in investing activities	(752)	(1,280)
Cash flows from financing activities:		
Proceeds from long-term debt	5,000	17,000
Principal payments on debt	(5,000)	(19,349)
Principal payments on capital lease obligations	(48)	—
Exercises, vesting and other equity- based compensation plan activity, net	—	300
Payment of taxes on equity-based awards	(111)	—
Deferred financing costs paid	—	(848)
Net cash used in financing activities	(159)	(2,897)
Net decrease in cash and cash equivalents	(603)	(5,017)
Cash and cash equivalents at beginning of period	9,285	16,237
Cash and cash equivalents at end of period	<u>\$ 8,682</u>	<u>\$ 11,220</u>
<u>Supplemental disclosures of cash flow information:</u>		
Cash paid for interest	\$ 453	\$ 251
Net cash paid (refunded) for income taxes	2	(350)
<u>Disclosure of non-cash investing and financing activities:</u>		
Capital expenditures in accounts payable	68	286
Non-cash interest	167	—
Warrants issued to Kenneth Rainin Foundation	595	—
Deferred financing costs in accounts payable	—	213

The accompanying notes are an integral part of these financial statements.

NUMEREX CORP. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Numerex Corp. (NASDAQ: NMRX) is a holding company incorporated in Pennsylvania (the “Company”), and through its subsidiaries, is a single source, leading provider of managed enterprise solutions enabling the Internet of Things (IoT). An IoT solution is generally viewed as a combination of devices, software and services that operate with little or no human interaction. Our managed IoT solutions are simple, innovative, scalable and secure. Our solutions incorporate each of the four key IoT building blocks — Device, Network, Application and Platform. We provide our technology and service solutions through our integrated IoT horizontal platforms, which are generally sold on a subscription basis. Foreign operations were not significant to us for the three months ended March 31, 2017 or 2016.

Basis of Presentation

We prepared the accompanying unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, referred to as GAAP, for interim financial information and the Rules and Regulations issued by the Securities Exchange Commission, or SEC, as applicable. These financial statements include all of our accounts and those of our wholly-owned subsidiaries. We have eliminated intercompany transactions and balances in consolidation.

Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted, although we believe that the disclosures made are adequate to make the information not misleading. In the opinion of management, the accompanying financial statements reflect all adjustments, which consist of normal recurring adjustments unless otherwise disclosed, considered necessary for a fair presentation of our financial position as of March 31, 2017 and our operating results and cash flows for the interim periods presented. The accompanying condensed consolidated balance sheet as of December 31, 2016 was derived from our audited financial statements, but does not include all disclosures required by GAAP. The financial information presented herein should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2016 which includes information and disclosures not included in this quarterly report.

Estimates and Assumptions

The preparation of financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Actual results may differ materially from these estimates. Operating results for the three months ended March 31, 2017 may not be indicative of the results that may be expected for the year ending December 31, 2017 or any future periods.

Liquidity

The Company incurred an operating loss totaling \$2.4 million and cash provided by operations was \$0.3 million for the three months ended March 31, 2017. The Company incurred an operating loss totaling \$22.8 million and cash used in operations totaled \$0.5 million for the year ended December 31, 2016. As of March 31, 2017, the Company has an accumulated deficit of \$52.3 million, and cash and cash equivalents of \$8.9 million. The Company’s cash flow requirements during the fiscal year 2016 and to date in 2017 were financed by cash on hand and cash generated by operations. The Company had total long term debt, including current portion, of \$15.9 million as of March 31, 2017. The Company’s ability to continue in business is dependent on its ability to continue to generate operating cash flows, to maintain sufficient cash on hand, to raise additional capital, and an ability to control expenditures. Management believes that the Company will maintain sufficient liquidity through at least March 2018. The consolidated financial statements do not include any adjustments that might result from this uncertainty.

NUMEREX CORP. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

Restricted Cash

As of March 31, 2017 and 2016, cash of \$0.2 million was held in escrow related to certain vendor obligations as a result of entering into our new loan agreement. See Note F — Debt.

NOTE B — INVENTORY

Inventory consisted of the following (in thousands):

	March 31, 2017	December 31, 2016
Raw materials	\$ 1,897	\$ 2,953
Finished goods	8,215	8,504
Inventory reserves	(1,825)	(2,446)
	<u>\$ 8,287</u>	<u>\$ 9,011</u>

During the three months ended March 31, 2017, we transferred \$0.5 million of inventory to monitoring equipment within property and equipment and disposed of \$0.3 million of fully reserved inventory as part of our managed services business.

NOTE C — PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (in thousands):

	March 31, 2017	December 31, 2016
Computer, network and other equipment	\$ 8,839	\$ 8,805
Monitoring equipment	6,231	5,692
Furniture and fixtures	486	486
Leasehold improvements	264	264
Total property and equipment	15,820	15,247
Accumulated depreciation and amortization	(9,984)	(9,225)
	<u>\$ 5,836</u>	<u>\$ 6,022</u>

During the three months ended March 31, 2017, we transferred \$0.5 million of inventory to monitoring equipment as part of our managed services business. Depreciation and amortization related to property and equipment was \$0.8 million and \$0.6 million for the three months ended March 31, 2017 and 2016, respectively.

NOTE D — INTANGIBLE ASSETS**Intangible Assets Other Than Goodwill**

Intangible assets other than goodwill are summarized as follows (dollars in thousands):

NUMEREX CORP. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

	As of March 31, 2017				As of December 31, 2016			
	Remaining Useful Lives	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value	
Purchased and developed software	1.7	\$ 18,576	\$ (13,610)	\$ 4,966	\$ 18,205	\$ (12,806)	\$ 5,399	
Software in development	n/a	1,051	—	1,051	1,131	—	1,131	
Total software		19,627	(13,610)	6,017	19,336	(12,806)	6,530	
Licenses	2.4	13,215	(12,622)	593	13,215	(12,534)	681	
Customer relationships	7.5	8,167	(3,228)	4,939	8,167	(3,039)	5,128	
Technologies	11.0	4,235	(899)	3,336	4,235	(822)	3,413	
Patents and trademarks	1.9	4,108	(2,512)	1,596	3,747	(2,368)	1,379	
Trade names	Indefinite	918	—	918	918	—	918	
Total other intangible assets		30,643	(19,261)	11,382	30,282	(18,763)	11,519	
		\$ 50,270	\$ (32,871)	\$ 17,399	\$ 49,618	\$ (31,569)	\$ 18,049	

Remaining useful lives in the preceding table were calculated on a weighted average basis as of March 31, 2017. We did not incur significant costs to renew or extend the term of acquired intangible assets during the three months ended March 31, 2017.

Amortization expense related to intangible assets was \$1.2 million and \$1.3 million for the three months ended March 31, 2017 and 2016, respectively. Amortization expense recorded in cost of subscription revenues in the accompanying condensed consolidated statements of operations and comprehensive loss was \$0.5 million and \$0.3 million for the three months ended March 31, 2017, and 2016, respectively. Additionally, we have capitalized approximately \$0.7 million and \$0.3 million of internally generated software development costs for the three months ended March 31, 2017 and 2016, respectively.

NOTE E — INCOME TAXES

We calculate our interim income tax provision in accordance with the accounting guidance for income taxes in interim periods. At the end of each interim period, we make our best estimate of the annual expected effective tax rate and apply that rate to our ordinary year-to-date income or loss. In addition, we calculate a year-to-date adjustment to increase or decrease our income tax provision to take into account our current expected effective tax rate. The tax or benefit related to significant, unusual, or extraordinary items that will be separately reported or reported net of their related tax effect are individually computed and recognized in the interim period in which those items occur.

In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We consider projections of future taxable income, tax planning strategies and the reversal of temporary differences in making this assessment.

During 2015, we determined that we would not meet the criteria of “more likely than not” that our federal and state net operating losses and certain other deferred tax assets would be recoverable. This determination was based on our assessment of both positive and negative evidence regarding realization of our deferred tax assets, in particular, the strong negative evidence associated with our cumulative loss over the past three years. Accordingly, we recorded a valuation allowance against these items. The deferred tax assets consist of federal net operating losses, state net operating losses, tax credits, and other deferred tax assets, most of which expire between 2017 and 2036. We will maintain the valuation allowance against the net deferred tax assets until sufficient positive evidence outweighs any negative evidence to support reversal. Income tax expense recorded in the future will be reduced or increased to the extent of offsetting decreases or increases to the valuation allowance.

NUMEREX CORP. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

As a result of recording a valuation allowance, we recognized deferred tax expense of less than \$0.1 million, representing an effective tax rate of (1.9%), for the three months ended March 31, 2017. The deferred tax expense recognized on a net loss before income taxes, and the difference in the effective tax rate from the federal statutory rate, is due primarily to the book and tax basis and accounting differences for certain long and indefinite lived intangible assets. We have also recognized a provision for income tax expense for certain state income taxes that cannot utilize offsetting net operating losses. Income tax expense recorded in the future will be reduced or increased to the extent of offsetting decreases or increases to the valuation allowance.

We file U.S., state and foreign income tax returns in jurisdictions with varying statutes of limitation. The 2012 through 2016 tax years generally remain subject to examination by federal and most state tax authorities. However, certain returns from years in which net operating losses have arisen are still open for examination by the tax authorities.

NOTE F — DEBT

Debt consisted of the following (dollars in thousands):

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Note payable to Crystal Financial LLC, with interest at LIBOR plus margin	\$12,000	\$ 17,000
Note payable to Kenneth Rainin Foundation (a related party)	5,000	—
Less long-term deferred financing costs	<u>(1,142)</u>	<u>(840)</u>
	15,858	16,160
Less current portion of long-term debt	<u>(3,912)</u>	<u>(1,275)</u>
Noncurrent portion of long-term debt	<u>\$11,946</u>	<u>\$ 14,885</u>

Loan Agreement

On March 9, 2016, we and certain of our subsidiaries entered into a term loan agreement with Crystal Financial LLC as Term Agent (“Crystal”), and the term lenders party thereto (the “Crystal Loan Agreement”) pursuant to which the term lenders made a term loan to us in the amount of \$17.0 million. The net proceeds from the term loan (after payment of the fees and expenses of the Term Agent), along with \$2.9 million of cash on hand, were used to repay the \$19.4 million outstanding debt under the Silicon Valley Bank (SVB) Loan Agreement and pay related transaction fees. We recorded a charge of \$0.3 million to other income, net for unamortized deferred financing costs related to the SVB Loan Agreement during the three months ended March 31, 2016.

The maturity date of the term loan is March 9, 2020. We are required to make regular quarterly principal payments of \$0.6 million beginning September 1, 2017 with the balance due on the maturity date if not otherwise repaid earlier by way of voluntary prepayments or upon the occurrence of certain Prepayment Events or Excess Cash Flow (as defined in the Crystal Loan Agreement), or as a result of acceleration of the loan as a result of an event of default. Prepayments of the loan are subject to a prepayment penalty of 2% of the amount prepaid if the prepayment occurs on or after the first anniversary of the closing date but prior to the second anniversary date of the closing date. There is no prepayment penalty for prepayments that occur on or after the second anniversary of the closing date. The interest rate payable on the outstanding loan amount is determined by reference to LIBOR plus a margin established in the Crystal Loan Agreement.

Our obligations under the Crystal Loan Agreement are secured by a first priority security interest in substantially all of our assets and the assets of our subsidiaries. In addition, we are required to meet certain financial and other restrictive covenants customary with this type of facility, including maintaining a

NUMEREX CORP. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

minimum adjusted EBITDA, minimum consolidated fixed charge coverage ratio, maximum consolidated total net leverage, maximum subscriber churn, and minimum liquidity, all of which are defined in the Crystal Loan Agreement. We are also prohibited from incurring indebtedness, disposing of or permitting liens on our assets and making restricted payments, including cash dividends on shares of our common stock, except as expressly permitted under the Crystal Loan Agreement. The agreement contains customary events of default. If a default occurs and is not cured within the applicable cure period or is not waived, any outstanding obligations under the agreement may be accelerated. As of March 31, 2017, we were in compliance with all covenants.

On July 29, 2016, and November 3, 2016, we entered into amendments to the Crystal Loan Agreement to modify the covenant relating to the Maximum Subscriber Churn and amend the definition of Adjusted EBITDA. On May 3, 2017, we entered into an amendment to the Crystal Loan Agreement to amend the definition of Adjusted EBITDA and changed the date from June 1, 2017 to June 7, 2017 with respect to the \$2.0 million prepayment milestone and the retention of an investment banker for purposes of a refinancing transaction.

Senior Subordinated Promissory Note

On March 31, 2017, the Kenneth Rainin Foundation, a California corporation, and the Company entered into a Senior Subordinated Promissory Note in the amount of \$5 million, with a maturity date of April 1, 2018, and an annual interest rate of 12%, which was used to pay down a portion of the outstanding debt with Crystal.

The note included a warrant to Kenneth Rainin Foundation to purchase 125,000 shares of our common stock at a warrant price of \$0.01 per share. The warrant has a fair value of \$0.6 million, has been recorded as deferred financing costs, and will be amortized over the term of the loan. Brian Igoe, a director of the Company, is the Chief Investment Officer of the Kenneth Rainin Foundation.

Crystal Financial LLC Amendment and Waiver

On March 31, 2017, we entered into an amendment to the Crystal Loan Agreement to modify the covenants related to minimum adjusted EBITDA, minimum fixed charge coverage ratio, maximum net leverage, and maximum subscriber churn. Pursuant to the terms of the amendment we are required to prepay \$2.0 million of principal on June 1, 2017, unless we have entered into an agreement providing for the sale of all or substantially all the assets of the Company or the equity interests of the Company. In addition the amendment further provides that, by June 1, 2017, we must enter into a binding commitment letter to refinance our obligations under the Crystal Loan Agreement, or engage an investment banker reasonably acceptable to the Crystal to advise and assist us in entering into a sale or refinancing transaction.

As a result of the pay down of \$5.0 million of principal related to the Senior Subordinated Promissory Note with the Kenneth Rainin Foundation, we recorded a \$0.2 million loss on partial extinguishment of the Crystal Loan Agreement, which is recorded as a separate line item on the consolidated statement of operations and comprehensive loss for the three month period ended March 31, 2017.

NOTE G — NET LOSS PER SHARE

Basic (loss) earnings per share attributable to common shareholders is based on the weighted-average number of common shares outstanding excluding the dilutive impact of common stock equivalents. Diluted (loss) earnings per share include the effect of all potentially dilutive securities on earnings per share. The dilutive effect of outstanding equity-based compensation awards is computed using the treasury stock method. The computation of diluted earnings per shares does not assume exercise of securities that would have an anti-dilutive effect on earnings. Diluted (loss) earnings per share is not presented separately because there are no adjustments to the numerator in calculating dilutive net loss per share and all potentially dilutive common stock equivalents would be antidilutive. The following table presents a reconciliation of the shares used in the calculation of basic and dilutive (loss) earnings per share and anti-dilutive equity based compensation awards (in thousands):

NUMEREX CORP. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

	For the Three Months Ended March 31,	
	2017	2016
Weighted average common shares outstanding		
Basic	19,524	19,377
Dilutive effect of common stock equivalents	—	—
Total	19,524	19,377
Anti-dilutive equity-based compensation awards	1,634	1,188

NOTE H — RESTRUCTURING

We recorded a restructuring charge of \$0.4 million, which included \$0.4 million of severance costs for the three months ended March 31, 2017.

NOTE I — RECENT ACCOUNTING PRONOUNCEMENTS

In January 2017, the Financial Accounting Standards Board (FASB) issued guidance simplifying the test for goodwill impairment. The guidance eliminates step two from the goodwill impairment test and instead requires an entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The updated guidance requires a prospective adoption, with early adoption permitted. The guidance is effective for the Company beginning in 2020. The Company is in the process of evaluating the effects of the provisions of this guidance on our financial statements.

In January 2017, the FASB issued guidance to assist entities in evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The updated guidance requires a prospective adoption. Early adoption is permitted. This update will be effective for the Company beginning in 2018. The Company does not expect the provisions of this guidance to have a material impact on our financial statements.

In November 2016, the FASB issued guidance impacting restricted cash presentation on the statement of cash flows. The guidance requires that a statement of cash flows explain the change during the period of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This standard becomes effective for the Company during the first quarter of 2018 and will be applied using a retrospective approach for each period presented. The Company does not expect the provisions of this guidance to have a material impact on our financial statements.

In February 2016, the FASB issued guidance that requires lessees to recognize most leases as assets and liabilities on the balance sheet. Qualitative and quantitative disclosures will be enhanced to better understand the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for annual and interim periods beginning after December 15, 2018. The updated standard mandates a modified retrospective transition method with early adoption permitted. We are currently evaluating the effect that the updated standard will have on our financial statements.

In May 2014, the FASB issued guidance which amends the existing accounting standards for revenue recognition. In August 2015, the FASB issued additional guidance which delays the effective date by one year. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. In March 2016, the FASB issued guidance which clarifies the implementation guidance on principal versus agent considerations. The guidance includes indicators to assist an entity in determining whether it

NUMEREX CORP. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

controls a specified good or service before it is transferred to the customers. We currently anticipate adopting the new standard effective January 1, 2018. The new standard also permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method). We currently anticipate adopting the standard using the modified retrospective method. We are concluding the assessment phase of implementing this guidance. We have evaluated each of the five steps in the new revenue recognition model, which are as follows: 1) Identify the contract with the customer; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations; and 5) Recognize revenue when (or as) performance obligations are satisfied. Our preliminary conclusion is that the determination of what constitutes a contract with our customers (step 1), our performance obligations under the contract (step 2), and the determination and allocation of the transaction price (steps 3 and 4) and recognizing revenue when performance obligations are satisfied (step 5) under the new revenue recognition model will not result in material changes in comparison to our current revenue recognition for our contracts with customers entered into in the normal course of operations. However, we have not yet finalized our analysis.

Effective January 1, 2017, the Company adopted guidance which simplifies the measurement of inventory. The guidance changed the measurement principle for inventory from the lower of cost or market to lower of cost and net realizable value and eliminates the requirement to consider replacement cost or net realizable value less an approximately normal profit margin when measuring inventory. The provisions of this standard were adopted on a prospective basis and adoption of this standard did not have an impact on the Company's financial position, results of operations or cash flows.

NOTE J — SUBSEQUENT EVENTS

On April 12, 2017, we entered into an agreement to sublease the Company's Dallas office space subject to the consent of the landlord.

On May 3, 2017, we entered into an amendment to the Crystal Loan Agreement to amend the definition of Adjusted EBITDA and changed the date from June 1, 2017 to June 7, 2017 with respect to the \$2.0 million prepayment milestone and the retention of an investment banker for purposes of a refinancing transaction, as documented in Note F.

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

Forward Looking Statements

This document contains, and other statements may contain, forward-looking statements with respect to Numerex future financial or business performance, conditions or strategies and other financial and business matters, including expectations regarding growth trends and activities. Forward-looking statements are typically identified by words or phrases such as “believe,” “expect,” “anticipate,” “intend,” “estimate,” “assume,” “strategy,” “plan,” “outlook,” “outcome,” “continue,” “remain,” “trend,” and variations of such words and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may,” or similar expressions. Numerex cautions that these forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. These forward-looking statements speak only as of the date of this filing, and Numerex assumes no duty to update forward-looking statements. Actual results could differ materially from those anticipated in these forward-looking statements and future results could differ materially from historical performance.

The following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: our inability to refinance all or a portion of our indebtedness before maturity or to seek waivers of or amendments to our contractual obligations for payment; our inability to reposition our platform to capture greater recurring subscription revenues; the risks that a substantial portion of revenues derived from contracts may be terminated at any time; the risks that our strategic suppliers materially change or disrupt the flow of products or services; variations in quarterly operating results; delays in the development, introduction, integration and marketing of new products and services; customer acceptance of services; economic conditions resulting in decreased demand for our products and services; the risk that our strategic alliances, partnerships and/or wireless network operators will not yield substantial revenues; changes in financial and capital markets, and the inability to raise growth capital; the inability to attain revenue and earnings growth; changes in interest rates; inflation; the introduction, withdrawal, success and timing of business initiatives and strategies; competitive conditions; the inability to realize revenue enhancements; disruption in key supplier relationships and/or related services; and extent and timing of technological changes.

Overview

As used herein, except as otherwise indicated by context, references to “we,” “us,” “our,” or “Numerex” refers to Numerex Corp. and subsidiaries.

The following Management’s Discussion and Analysis is intended to help the reader understand our results of operations and financial condition. This discussion and analysis is provided as a supplement to, and should be read in conjunction with, our unaudited condensed consolidated financial statements and the accompanying notes included in this Quarterly Report on Form 10-Q for the period ended March 31, 2017.

Numerex Corp. (“Numerex,” the “Company” or “we”) is headquartered in Atlanta, Georgia, and is a corporation organized under the laws of the Commonwealth of Pennsylvania. We are a single source, leading provider of managed enterprise solutions enabling the Internet of Things (IoT). We empower enterprise operations with world-class, managed IoT solutions that are simple, innovative, scalable and secure.

During the quarter ended March 31, 2017, we had revenues of \$16.4 million, and a net loss of \$4.0 million; compared with revenues and a net loss of \$18.1 million and \$2.3 million, respectively, for the quarter ended March 31, 2016.

Our core strategy is to generate long term and sustainable recurring revenue through a portfolio of managed, end-to-end IoT solutions which are generally sold on a subscription basis and built on our horizontal, integrated platform. Our solutions incorporate the key IoT building blocks — Device, Network, Application and Platform. Our solutions also simplify the implementation and improve the speed to market for enterprise users in select, targeted verticals in the asset monitoring and optimization, asset tracking, and safety and security markets.

Our strategy requires significant capital investment to develop and enhance our use of technology and to maintain our leadership position and competitive advantage in the markets we serve.

Subscription and support revenue is recognized monthly as services are provided and sales of embedded devices and hardware are recognized when title passes. Other upfront payment revenue is deferred and amortized on a straight line basis.

Due to fluctuations of the commencement of new contracts and renewal of existing contracts, we expect variability of sequential quarterly trends in revenues, margins and cash flows. Other factors contributing to sequential quarterly trends include usage, rate changes, and re-pricing of contract renewals and technology changes.

Historically, our revenues and expenses in the first quarter have been modestly affected by slowing of customer purchase activities during the holidays. As a result, historical quarterly fluctuations may not be indicative of future operating results.

As part of our effort to build and enhance our core business, we conduct ongoing business strategy reviews. During our reviews, we consider opportunities for growth in existing and new markets that may involve growth derived from both existing operations as well as from future acquisitions, if any. To the extent existing business lines and service offerings are not considered to be compatible with delivery of our core business services or with meeting our financial objectives, we may exit non-core lines of business or stop offering these services in part or in whole.

Results of Operations

Three Months Ended March 31, 2017 and 2016

The following table sets forth selected consolidated results of operations for the periods indicated, including comparative information between the periods (dollars in thousands):

	Three Months Ended March 31,				Change from	
	2017		2016		2016 to 2017	
Net revenues:						
Subscription and support revenues	\$13,470	82.2%	\$14,984	83.0%	\$(1,514)	-10.1%
Embedded devices and hardware	2,915	17.8%	3,066	17.0%	(151)	-4.9%
Total net revenues	16,385	100.0%	18,050	100.0%	(1,665)	-9.2%
Cost of sales						
Subscription and support revenues	5,464	33.3%	5,701	31.6%	(237)	-4.2%
Embedded devices and hardware	3,032	18.5%	3,118	17.3%	(86)	-2.7%
Gross profit	7,889	48.1%	9,231	51.1%	(1,342)	-14.5%
Operating expenses:						
Sales and marketing	3,142	19.2%	2,945	16.3%	197	6.7%
General and administrative	2,945	18.0%	4,129	22.9%	(1,184)	-28.7%
Engineering and development	2,215	13.5%	2,247	12.4%	(32)	-1.4%
Depreciation and amortization	1,523	9.3%	1,658	9.2%	(135)	-8.1%
Restructuring charges	425	2.6%	-	0.0%	425	100.0%
Operating loss	(2,361)	-14.4%	(1,748)	-9.7%	(613)	35.1%
Interest expense						
Loss on extinguishment of debt	228	1.4%	290	1.6%	(62)	-21.4%
Other expense (income), net	730	4.5%	(43)	-0.2%	773	-1798.7%
Loss before income taxes	(3,940)	-24.0%	(2,262)	-12.5%	(1,678)	74.2%
Income tax expense (benefit)	84	0.5%	64	0.4%	20	31.3%
Net loss	<u>\$ (4,024)</u>	<u>-24.6%</u>	<u>\$ (2,326)</u>	<u>-12.9%</u>	<u>\$(1,698)</u>	<u>73.0%</u>
Adjusted EBITDA ⁽¹⁾	<u>\$ 536</u>	<u>3.3%</u>	<u>\$ 858</u>	<u>4.8%</u>	<u>\$ (322)</u>	<u>-37.6%</u>

(1) — Adjusted EBITDA is not a financial measure prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). See further discussion, including reconciliation to the most comparable GAAP measure, under the caption Non-GAAP Financial Measures below.

Total revenue decreased \$1.7 million, or 9.2%, for the three months ended March 31, 2017 to \$16.4 million from \$18.1 million for the same period in 2016. The decrease in total revenue is primarily related to the decrease in subscription and support revenue, which is discussed below.

Subscription and support revenues decreased \$1.5 million, or 10.1%, to \$13.5 million from \$15.0 million in 2016. The decrease is driven by 2G disconnects associated with the AT&T 2G network sunset that occurred on December 31, 2016.

Total cost of revenue for the three months ended March 31, 2017 decreased \$0.3 million, or 3.7%, to \$8.5 million compared to \$8.8 million for the same period in 2016. Comprising that decrease, the cost of revenue for subscription and support services decreased \$0.2 million, or 4.2%, to \$5.5 million for the three months ended March 31, 2017 compared to \$5.7 million for the same period in 2016. Cost of revenue for embedded devices and hardware decreased \$0.1 million, or 2.7% to \$3.0 million for the three months ended March 31, 2017 compared to \$3.1 million for the same period in 2016.

Total gross profit for the period ended March 31, 2017 decreased \$1.3 million, or 14.5% to \$7.9 million compared to \$9.2 million for the same period in 2016 for the reasons stated above.

Sales and marketing expense increased \$0.2 million, or 6.7%, for the three months ended March 31, 2017 to \$3.1 million compared to \$2.9 million for the same period in 2016. The increase is primarily attributable to an increase in promotional activities during the quarter.

General and administrative expense decreased \$1.2 million, or 28.7%, to \$2.9 million for the three months ended March 31, 2017, compared to \$4.1 million for the same period in 2016. The increase is driven primarily by reduced general and administrative salary cost resulting from a reduction in headcount.

Engineering and development expenses remained consistent at \$2.2 million for the three-month period ended March 31, 2017 compared to March 31, 2016.

Depreciation and amortization expense decreased \$0.2 million, or 8.1% to \$1.5 million for the three months ended March 31, 2017, compared to \$1.7 million for the same period in 2016.

Restructuring charges were \$0.4 million for the three months ended March 31, 2017, compared to \$0 for the same period in 2016. The increase is due primarily to severance charges.

Other expense (income), net was \$0.7 million in expense for the three months ended March 31, 2017, due to financing charges related to our debt, compared to (\$0.1) million in interest income for the same period in 2016.

We recorded tax expense of \$0.1 million for both the three months ended March 31, 2017 and 2016. The effective tax rates were (1.9%) and (2.8%) for the three months ended March 31, 2017 and 2016, respectively. For both periods, the difference in the effective tax rate compared to the federal statutory rate, and the reason we recorded deferred income tax expense while generating a net loss before income taxes, are due primarily to the book and tax basis and accounting difference for certain long and indefinite lived assets. We have also recognized a provision for income tax expense for certain state income taxes that cannot utilize offsetting net operating losses.

Segment Information

We have one reportable segment, providing interactive and on-demand Machine to Machine (M2M) enterprise solutions enabling the Internet of Things (IoT).

Non-GAAP Financial Measures

Earnings before interest, taxes, depreciation and amortization expenses (EBITDA) and Adjusted EBITDA, which are presented below, are non-GAAP measures and do not purport to be alternatives to

operating income as a measure of operating performance. We believe EBITDA and Adjusted EBITDA are useful to and used by investors and other users of the financial statements in evaluating our operating performance because it provides them with an additional tool to compare business performance across periods.

We believe that:

- EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest, income tax, and depreciation and amortization expenses, which can vary substantially from company-to-company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired; and
- Investors commonly adjust EBITDA information to eliminate the effect of equity-based compensation and other unusual or infrequently occurring items which vary widely from company-to-company and impair comparability.

We use EBITDA and Adjusted EBITDA:

- as a measure of operating performance to assist in comparing performance from period-to-period on a consistent basis;
- as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations; and
- in communications with the board of directors, analysts and investors concerning our financial performance.

Although we believe, for the foregoing reasons, that the presentation of non-GAAP financial measures provides useful supplemental information to investors regarding our results of operations, the non-GAAP financial measures should only be considered in addition to, and not as a substitute for, or superior to, any measure of financial performance prepared in accordance with GAAP.

Use of non-GAAP financial measures is subject to inherent limitations because they do not include all the expenses that must be included under GAAP and because they involve the exercise of judgment of which charges should properly be excluded from the non-GAAP financial measure. Management accounts for these limitations by not relying exclusively on non-GAAP financial measures, but only using such information to supplement GAAP financial measures. The non-GAAP financial measures may not be the same non-GAAP measures, and may not be calculated in the same manner, as those used by other companies.

EBITDA is calculated by adding depreciation and amortization expense, impairment of non-current assets, interest expense, other net non-operating expense and income tax expense and subtracting other net non-operating income and income tax benefit to net (loss) income. Adjusted EBITDA is calculated by excluding the effect of equity-based compensation and additional non-cash and other charges from the calculation of EBITDA. Management believes that this measure provides additional relevant and useful information to investors and other users of our financial data, including our lender, in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance.

We believe that excluding depreciation and amortization expenses of property, equipment and intangible assets to calculate EBITDA and Adjusted EBITDA provides supplemental information and an alternative presentation that is useful to our lender and investors' understanding of our core operating results and trends. Not only are depreciation and amortization expenses based on historical costs of assets that may have little bearing on present or future replacement costs, but also they are based on our estimates of remaining useful lives.

We believe that excluding the effects of equity-based compensation from non-GAAP financial measures provides supplemental information and an alternative presentation useful to investors' understanding of our core operating results and trends. Investors have indicated that they consider financial measures of our results of operations excluding equity-based compensation as important supplemental information useful to their understanding of our historical results and estimating our future results.

Equity-based compensation is an important part of total compensation, especially from the perspective of employees. We believe, however, that supplementing GAAP income from continuing operations by providing income from continuing operations, excluding the effect of equity-based compensation in all periods, is useful to investors because it enables additional and more meaningful period-to-period comparisons.

Non-cash and other items include restructuring, recruiting fees, severance, costs related to an internal ERP systems integration upgrade, a network systems evaluation, acquisition related costs, and other costs, such as legal and accounting costs associated with debt refinancing, audit consent fees, rework and setup costs, and costs related to the 2G shutdown. We believe these costs are unusual costs that we do not expect to recur on a regular basis, and consequently, we do not consider these charges as a component of ongoing operations.

EBITDA and Adjusted EBITDA are not measures of liquidity calculated in accordance with GAAP, and should be viewed as a supplement to — not a substitute for — results of operations presented on the basis of GAAP. EBITDA and Adjusted EBITDA do not purport to represent cash flow provided by operating activities as defined by GAAP. Furthermore, EBITDA and Adjusted EBITDA are not necessarily comparable to similarly-titled measures reported by other companies.

The following table reconciles the specific items excluded from GAAP in the calculation of EBITDA and Adjusted EBITDA for the periods indicated below (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2017	2016
Net loss	\$ (4,024)	\$ (2,326)
Depreciation and amortization expense	1,973	1,965
Interest expense and other non-operating expense (income), net	1,579	514
Income tax expense	84	64
EBITDA (non-GAAP)	(388)	217
Equity-based compensation expense	231	621
Non-cash and other items	693	20
Adjusted EBITDA (non-GAAP)	<u>\$ 536</u>	<u>\$ 858</u>
Net loss per diluted share (GAAP)	\$ (0.21)	\$ (0.12)
Weighted average shares outstanding used in computing diluted per share amounts	19,524	19,377

As noted above, non-cash and other items for the quarter ended March 31, 2017 include restructuring and severance costs of \$0.4 million, costs related to an internal ERP systems integration upgrade, a network systems evaluation, and acquisition related costs totaling \$0.1 million, and other non-one-time costs, such as legal and accounting costs associated with debt refinancing, one time audit consent fees, one-time rework and setup costs, one-time costs related to the 2G shutdown totaling \$0.2 million. Non-cash and other items for the quarter ended March 31, 2016 are comprised of recruiting costs. We believe these costs are unusual costs that we do not expect to recur on a regular basis, and consequently, we do not consider these charges as a component of ongoing operations.

Liquidity and Capital Resources

We use the net cash generated from our operations to fund new product development, upgrades to our technology and to invest in new businesses. We believe that our sources of funds, principally from operations and, to the extent necessary, from external financing arrangements, are sufficient to meet ongoing operations and investing requirements through at least March 2018.

We had working capital of \$3.6 million as of March 31, 2017, compared to \$8.6 million as of December 31, 2016. We had cash balances of \$8.9 million and \$9.5 million as of March 31, 2017 and December 31, 2016, respectively. The Company does not have any additional borrowing capacity under its loan agreement with Crystal.

As previously reported, on March 31, 2017, we entered into the Third Amendment to Term Loan Agreement and Limited Waiver (“Third Amendment”) with Crystal. Pursuant to this amendment, Crystal agreed to waive certain specified events of default, including events of default arising out of our failure to meet financial covenants with respect to minimum adjusted EBITDA, minimum fixed charge ratio, maximum total net coverage, and maximum subscriber churn, as well as events of default arising out of our failure to notify Crystal of certain events as required and to update certain schedules provided to Crystal. The Third Amendment also included modifications to the financial covenants under the Term Loan Agreement, effective as of the date of the amendment.

Pursuant to the Third Amendment, we were required to prepay \$5,000,000 of the principal outstanding under the Term Loan Agreement, and we agreed to pay Crystal an additional \$2,000,000 of principal on June 1, 2017 unless we have entered into a sale transaction prior to that date. In connection with the Third Amendment, we agreed to pay to Crystal an amendment fee of \$200,000, \$100,000 of which was paid on the date of the amendment and the remainder of which is payable on June 1, 2017 unless we complete a sale or refinancing transaction before that date. The Third Amendment further provides that, by June 1, 2017, we must either enter into a sale agreement or a binding commitment letter to refinance our obligations under the Term Loan Agreement, or engage an investment banker reasonably acceptable to Crystal to advise and assist us in entering into a sale or refinancing transaction. There can be no assurance that we will refinance our indebtedness on favorable terms or at all.

Net cash provided by operating activities for the three-month period ended March 31, 2017 was \$0.3 million and net cash used in operations was \$0.8 million for the three-month period ended March 31, 2016.

Net cash used in investing activities for the three-month period ended March 31, 2017 was \$0.8 million, representing expenditures of \$0.2 million for tangible assets and \$0.6 million for software and capitalization of internally developed software, compared to \$1.3 million for the three month period ended March 31, 2016.

Net cash used in financing activities for the three-month period ended March 31, 2017 was \$0.2 million, primarily for payments of taxes on equity based awards and payments of principal on capital leases. Net cash used in financing activities was \$2.9 million for the three month period ended March 31, 2016.

Off-Balance Sheet Arrangements

As of March 31, 2017, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

Critical Accounting Policies

There have been no material changes in our critical accounting policies, estimates and judgments during the three months ended March 31, 2017, compared to the disclosures in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2016.

Item 3. Quantitative and Qualitative Disclosures about Market Risks.

The market risk in our financial instruments represents the potential loss arising from adverse changes in financial rates. We are exposed to market risk in the area of interest rates. These exposures are directly related to our normal funding and investing activities.

We also hold cash balances in accounts with commercial banks in the United States and foreign countries. These cash balances represent operating balances only and are invested in short-term time deposits of the local bank. Such operating cash balances held at banks outside the United States are denominated in the local currency and are minor. We held \$0.3 million in foreign bank accounts as of March 31, 2017 and December 31, 2016, respectively.

Foreign Currency

The assets and liabilities of our foreign operations are translated into U.S. dollars at current exchange rates, and revenues and expenses are translated at the ending exchange rate from the prior period which materially approximates the average exchange rates for each period. Resulting translation adjustments are

reflected as other comprehensive (loss) income within shareholders' equity. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred. Except for transactions with customers and vendors in Canada, substantially all other transactions are denominated in U.S. dollars. Foreign operations were not significant to us for the quarter ended March 31, 2017.

Interest Rate Risk

We are exposed to changes in interest rates on our long term debt that carries variable rate interest. The impact of a 100 basis point change in interest rates would result in a change in annual interest expense of \$0.2 million.

Item 4. Controls and Procedures.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the Securities Exchange Act Rules 13a-15(f). Our internal control system is designed to provide reasonable assurance to our management and the Board of Directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance as to the reliability of financial statement preparation and presentation. Our management assessed the effectiveness of our internal control over financial reporting as of March 31, 2017. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control — Integrated Framework*, issued in 2013. Based on this assessment, management concludes that, as of March 31, 2017, our internal control over financial reporting is effective based on those criteria.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2017, there were no significant changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We currently are not involved in any pending material litigation.

Item 1A. Risk Factors.

For information regarding factors that could affect our results of operations, financial condition and liquidity, see the risk factors discussion set forth in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as previously filed with the SEC, and the information under “Forward-Looking Statements” included in this Quarterly Report on Form 10-Q.

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

None — not applicable

Item 3. Defaults Upon Senior Securities.

None — not applicable.

Item 4. Mine Safety Disclosures.

None — not applicable.

Item 5. Other Information.

None — not applicable.

Item 6. Exhibits.

Exhibit Number	Description
4.1	Warrant to Purchase Stock issued to Kenneth Rainin Foundation (incorporated by reference from Exhibit 4.1 to the Form 10-K filed on March 31, 2017)
10.1	Third Amendment to Term Loan Agreement and Limited Waiver dated March 31, 2017 by and among Numerex Corp., the other parties thereto designated as Borrowers and Guarantors, and Crystal Finance LLC, as Term Agent
10.2	Senior Subordinated Promissory Note dated March 31, 2017, issued by Numerex Corp. to Kenneth Rainin Foundation (incorporated by reference from Exhibit 10.26 to the Form 10-K filed on March 31, 2017)
10.3	Fourth Amendment to Term Loan Agreement dated May 2, 2017 by and among Numerex Corp., the other parties thereto designated as Borrowers and Guarantors, and Crystal Finance LLC, as Term Agent
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a)
31.2	Certification of Chief Financial Officer, Executive Vice President, and Principal Financial and Accounting Officer Pursuant to Exchange Act Rule 13a-14(a)
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, formatted in eXtensible Business Reporting Language (XBRL):

Exhibit Number	Description
	(i) Condensed Consolidated Balance Sheets at March 31, 2017 and December 31, 2016, (ii) Unaudited Condensed Consolidated Statement of Operations and Comprehensive (Loss) Income for the three months ended March 31, 2017 and 2016, (iii) Unaudited Consolidated Statements of Cash Flows for the three months ended March 31, 2017 and 2016, (iv) Unaudited Condensed Consolidated Statement of Shareholders Equity for the three months ended March 31, 2017 and (v) Unaudited Condensed Notes to Consolidated Financial Statements*

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- * This exhibit is furnished and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such exhibit will not be deemed to be incorporated by reference into any filing under the Securities Act or Securities Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NUMEREX CORP.

(Registrant)

May 9, 2017

/s/ Kenneth L. Gayron

Kenneth L. Gayron
Interim Chief Executive Officer, Chief Financial Officer and
Principal Financial and Accounting Officer

THIRD AMENDMENT TO TERM LOAN AGREEMENT AND LIMITED WAIVER

This THIRD AMENDMENT TO TERM LOAN AGREEMENT AND LIMITED WAIVER, dated as of March 31, 2017 (this “**Third Amendment**”), by and among Numerex Corp., a Pennsylvania corporation (the “**Lead Borrower**”), the other Persons party hereto designated as “Borrowers” (each a “**Borrower**” and, together with the Lead Borrower, the “**Borrowers**”), the other Persons party hereto designated as “Guarantors” (the “**Guarantors**”, and, together with the Borrowers, the “**Credit Parties**”), Crystal Financial LLC, a Delaware limited liability company, as administrative agent and collateral agent (in such capacities, the “**Term Agent**”) for the financial institutions from time to time party to the Term Loan Agreement (collectively, the “**Term Lenders**” and individually each a “**Term Lender**”) and for itself and the other Secured Parties.

WITNESSETH:

WHEREAS, the Borrowers, the Guarantors, the Term Agent and the Term Lenders are party to that certain Term Loan Agreement dated as of March 9, 2016, as amended by the First Amendment to Term Loan Agreement dated as of July 29, 2016, as further amended by the Second Amendment to Term Loan Agreement dated as of November 3, 2016 (as further amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “**Term Loan Agreement**”), pursuant to which the Term Lenders agreed, subject to the terms and conditions contained therein, to extend credit to the Borrowers;

WHEREAS, the Credit Parties have requested that the Term Agent and the Term Lenders effect certain amendments to the Term Loan Agreement as more specifically set forth herein, and the Term Agent and the Term Lenders are willing to effect such amendments to the Term Loan Agreement on the terms and conditions hereinafter set forth;

WHEREAS, certain Events of Default (the “**Specified Events of Default**”) have occurred and are continuing under:

(i) Section 6.1(c) of the Term Loan Agreement as a result of the Credit Parties’ failure to comply with Sections 5.23(a), 5.23(b), 5.23(c) and 5.23(d) of the Term Loan Agreement for the period ended December 31, 2016;

(ii) Section 6.1(c) of the Term Loan Agreement as a result of the Credit Parties’ failure to notify the Term Agent, as required under Section 5.3 of the Term Loan Agreement, of the dissolution of a non-Credit Party Subsidiary of the Lead Borrower;

(iii) Section 6.1(d) of the Term Loan Agreement as a result of the Credit Parties’ failure to notify the Term Agent, as required under Section 4.3(c) of the Term Loan Agreement, of the letter, dated as of April 27, 2016, received by the Lead Borrower from a Governmental Authority;

(iv) Section 6.1(d) of the Term Loan Agreement as a result of the Credit Parties’ failure to notify the Term Agent, as required under Section 4.3(d) of the Term Loan Agreement, regarding the commencement of certain litigation in which the amount of damages claimed exceeds \$250,000 and regarding material developments in certain other litigation affecting the Credit Parties;

(v) Section 6.1(b) of the Term Loan Agreement as a result of the inaccuracy of the Credit Parties' representations in Section 3.19 of the Term Loan Agreement due to the Credit Parties' omission of outstanding options in Schedule 3.19 to the Term Loan Agreement;

(vi) Section 6.1(b) of the Term Loan Agreement as a result of the Credit Parties' failure to disclose, in the Compliance Certificates delivered to the Term Agent pursuant to Section 4.2(b) of the Term Loan Agreement, changes in the information provided in Schedule 3.16 to the Term Loan Agreement;

(vii) Section 6.1(b) of the Term Loan Agreement, as a result of the inaccuracy of the Credit Parties' representations in Loan Documents delivered after the date of the Term Loan Agreement due to the Credit Parties' failure to update the information set forth in Schedules 3.5, 3.16, 3.19, 3.20 and 3.21 to the Term Loan Agreement;

(viii) Section 6.1(c) of the Term Loan Agreement as a result of the Credit Parties' failure to notify the Term Agent, as required under Section 4.3(a) of the Term Loan Agreement, of the occurrence of the Events of Default described in clauses (ii), (iii), (iv), (v), (vi) and (vii) above, and this clause (viii); and

(ix) Section 6.1(b) of the Term Loan Agreement as a result of the inaccuracy of the Credit Parties' representations in Loan Documents delivered after the date of the Term Loan Agreement due to the existence of the Events of Default described in clauses (ii), (iii), (iv), (v), (vi), (vii) and (viii) above and this clause (ix); and

WHEREAS, the Credit Parties have requested that the Term Agent and the Term Lenders agree to waive the Specified Events of Default, and the Term Agent and the Term Lenders are willing to waive the Specified Events of Default on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties signatory hereto agree as follows:

1. Defined Terms. Except as otherwise defined in this Third Amendment, terms defined in the Term Loan Agreement are used herein as defined therein.
2. Amendments to Term Loan Agreement. Subject to the satisfaction of the conditions precedent specified in Section 6 below, the following amendments shall be incorporated into the Term Loan Agreement:

(a) The following subsection (e) shall be added to Section 1.6 of the Term Loan Agreement:

“(e) June 1, 2017 Prepayment. On June 1, 2017, unless the Credit Parties have entered into Planned Refinancing Transaction Documentation in respect of a Planned Refinancing Transaction of the nature described in clause (i) of the definition of Planned Refinancing Transaction Documentation, the Borrowers shall prepay the outstanding principal balance of the Term Loans (notwithstanding the application of payments provisions set forth in Section 1.8(c)) in an amount equal to \$2,000,000 funded with the proceeds of equity or Subordinated Indebtedness upon terms and conditions acceptable to the Term Agent, which prepayment shall be subject to the Prepayment Premium; provided, that such Prepayment Premium in an amount equal to \$40,000 shall be fully earned and due on June 1, 2017, but not payable until the earlier of

(i) the payment in full in cash of the Obligations, (ii) the occurrence of an Event of Default, and (iii) August 1, 2017.”

(b) The following Section 4.21 shall be added to Article 4 of the Term Loan Agreement:

“4.21 Planned Refinancing Transaction Documentation; Investment Banker. No later than June 1, 2017 or such later date as agreed by the Term Agent in its sole discretion, the Credit Parties shall have either (i) entered into Planned Refinancing Transaction Documentation, or (ii) entered into, upon terms and conditions reasonably acceptable to the Term Agent, an engagement letter (the “Engagement Letter”) with an investment banker or other similar consultant reasonably acceptable to the Term Agent (the “Investment Banker”) to advise and assist the Credit Parties in entering into a Planned Refinancing Transaction. The Credit Parties shall retain the Investment Banker at all times until the closing of a Planned Refinancing Transaction (including the payment in full in cash of the Obligations) or as otherwise agreed by the Term Agent. Each Credit Party acknowledges and agrees that the Term Agent shall have the right to communicate directly with the Investment Banker, provided that the Lead Borrower is provided an opportunity to be present on all calls and copied on all emails and other correspondence. Subject to the preceding sentence, the Engagement Letter shall authorize and direct the Investment Banker to communicate directly with the Term Agent, participate in required weekly status calls with the Term Agent and furnish the Term Agent with such information as the Term Agent may request, in form and substance acceptable to the Term Agent. The Investment Banker shall provide the Term Agent periodic updates, and, if requested by the Term Agent, interim updates, regarding the status of its efforts, including, without limitation, the status of any sale efforts, and copies of any notices, reports and other communications delivered by the Investment Banker to the Credit Parties. The Credit Parties shall continue to retain the Investment Banker as and when required in this Section, and shall provide the Investment Banker with all information and reports necessary for the Investment Banker to perform its duties under the Engagement Letter and otherwise cooperate with the Investment Banker.

(c) Section 4.2 of the Term Loan Agreement is hereby amended by adding the following clauses (k) and (l) thereto:

“(k) promptly upon receipt thereof, copies of any notices, reports and other communications delivered to the Credit Parties by the Investment Banker; and

(l) promptly upon receipt thereof, copies of any expressions of interest, offers and letters of intent with respect to any Planned Refinancing Transaction.”

(d) Section 5.23(a) of the Term Loan Agreement is hereby amended by deleting the grid contained therein in its entirety and substituting the following in its stead:

<u>Quarter</u>	<u>Minimum Adjusted EBITDA</u>
March 31, 2017	\$1,900,000
June 30, 2017	\$2,250,000
September 30, 2017	\$3,250,000
December 31, 2017, and the last day of each fiscal quarter thereafter	\$6,000,000

- (e) Section 5.23(b) of the Term Loan Agreement is hereby amended by deleting the grid contained therein in its entirety and substituting the following in its stead:

Quarter	Minimum Consolidated Fixed Charge Coverage Ratio
March 31, 2017	0.35 : 1.00
June 30, 2017	0.40 : 1.00
September 30, 2017	0.50 : 1.00
December 31, 2017, and the last day of each fiscal quarter thereafter	1.00 : 1.00

- (f) Section 5.23(c) of the Term Loan Agreement is hereby amended by deleting the grid contained therein in its entirety and substituting the following in its stead:

Quarter	Maximum Consolidated Total Net Leverage
March 31, 2017	3.00 : 1.00
June 30, 2017	2.50 : 1.00
September 30, 2017	2.00 : 1.00
December 31, 2017 and the last day of each fiscal quarter thereafter	1.50 : 1.00

- (g) Section 5.23(d) of the Term Loan Agreement is hereby amended by deleting the grid contained therein in its entirety and substituting the following in its stead:

Quarter	Churn
March 31, 2017	-7.5%
June 30, 2017 and the last day of each fiscal quarter thereafter	-2.5%

- (h) Section 6.1(c) of the Term Loan Agreement shall be amended by adding a failure to perform or observe any term, covenant or agreement contained in Section 4.21 of the Term Loan Agreement to the list of specific Defaults set forth in such section 6.1(c).

- (i) Section 10.1 of the Term Loan Agreement is hereby amended by deleting the definition of “Adjusted EBITDA” in its entirety and substituting the following in its stead:

“ Adjusted EBITDA ” means, for any period, for the Lead Borrower and its Subsidiaries on a Consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) without duplication, the following to the extent deducted in calculating such Consolidated Net Income: (i) Consolidated Interest Expense for such period, (ii) the provision for federal, state, local and foreign income taxes payable by the Lead Borrower and its Subsidiaries for such period, (iii) depreciation and amortization expense for such period, (iv) non-cash equity-based

compensation, (v) non-recurring, non-cash expenses which are deemed acceptable to the Term Agent, (vi) the fees, costs, and expenses payable by the Borrowers in connection with the closing of the transactions contemplated by the Loan Documents, (vii) fees and expenses paid in connection with field examinations and wind-down analyses in accordance with Section 4.9(c), (viii) the non-cash write-off of fixed assets during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease in an amount not to exceed \$377,000, (ix) the impairment charge taken during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease in an amount not to exceed \$889,000, (x) third party broker fees incurred during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease not to exceed \$460,000, (xi) severance paid during the second Fiscal Quarter of 2016 in an amount not to exceed \$415,000, (xii) inventory reserves taken during second Fiscal Quarter of 2016 in an amount not to exceed \$435,000, (xiii) goodwill impairment charges taken during the second Fiscal Quarter of 2016 in an amount not to exceed \$7,000,000, (xiv) cash severance paid during July and August of 2016 in an amount not to exceed \$253,000, (xv) cash costs and expenses paid in connection with relocating to a temporary headquarters at 400 Interstate North Parkway SE, Atlanta, Georgia in July of 2016 in an amount not to exceed \$25,000; (xvi) goodwill impairment charges taken during the fourth Fiscal Quarter of 2016 in an amount not to exceed \$7,833,000; (xvii) severance paid during the fourth Fiscal Quarter of 2016 in an amount not to exceed \$311,598 and severance paid during the first Fiscal Quarter of 2017 in an amount not to exceed \$398,821; (xviii) third party professional fees for transaction related activities in the fourth Fiscal Quarter of 2016 in an amount not to exceed \$111,136 and fees related to debt refinancing and amendment in the first Fiscal Quarter of 2017 to not exceed in amount of \$775,000; (xix) one-time consulting costs for Inventory MRP system not to exceed \$75,000 and one-time moving expenses to a new 3PL not to exceed \$20,000; and (xx) one-time costs related to turn down of network for 2G ATT in an amount not to exceed \$25,000; and minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) federal, state, local and foreign income tax credits of the Lead Borrower and its Subsidiaries for such period, (ii) extraordinary gains for such period and (iii) all non-cash, non-recurring items increasing Consolidated Net Income for such period. For quarterly periods prior to the closing date, "Adjusted EBITDA" shall be as follows: quarter ended December 31, 2015 - \$1,963,000, quarter ended September 30, 2015 - \$1,664,000 and quarter ended June 30, 2015 - \$3,410,000."

- (j) Section 10.1 of the Term Loan Agreement is hereby amended by deleting the definition of "Applicable Margin" in its entirety and substituting the following in its stead:

"Applicable Margin" means, (a) at any time prior to January 1, 2017, eight and one-half percent (8.50%) per annum, and (b) at any time on or after January 1, 2017, ten and one-half percent (10.5%).

- (k) Section 10.1 of the Term Loan Agreement is hereby amended by adding the following definition of "Planned Refinancing Transaction Documentation" to such Section in the proper alphabetical order:

"Planned Refinancing Transaction Documentation" means, (i) definitive documentation providing for a the sale of all or substantially all of the Credit Parties' assets or the equity interests of the Lead Borrower, or a merger of the Lead Borrower with another Person, or (ii) a binding commitment letter for the refinancing of the Obligations, in each case, in form and substance acceptable to the Term Agent and subject only to completion of the definitive legal documentation, approvals required by applicable law and other customary ministerial closing conditions, that will result in the payment in full in cash of the Obligations on or before August 1, 2017 (each transaction of the nature described above, a "Planned Refinancing Transaction").

- (l) Exhibit 4.2(b) to the Term Loan Agreement (Form of Compliance Certificate) is hereby replaced in its entirety with Exhibit 4.2(b) attached hereto.
 - (m) Schedule 3.5 (Litigation) to the Term Loan Agreement is hereby replaced in its entirety with Schedule 3.5 attached hereto.
 - (n) Schedule 3.16 (Intellectual Property) to the Term Loan Agreement is hereby replaced in its entirety with Schedule 3.16 attached hereto.
 - (o) Schedule 3.19 (Ventures, Subsidiaries and Affiliates; Outstanding Stock) to the Term Loan Agreement is hereby replaced in its entirety with Schedule 3.19 attached hereto.
 - (p) Schedule 3.20 (Jurisdiction of Organization; Chief Executive Office) to the Term Loan Agreement is hereby replaced in its entirety with Schedule 3.20 attached hereto.
 - (q) Schedule 3.21 (Locations of Inventory, Equipment and Books and Records) to the Term Loan Agreement is hereby replaced in its entirety with Schedule 3.21 attached hereto.
3. Limited Waiver. The Credit Parties acknowledge that the Specified Events of Default have occurred and are continuing, and represent and warrant that as of the date hereof, no Defaults or Events of Default have occurred and are continuing other than the Specified Events of Default. Subject to the satisfaction of the conditions set forth in Section 6 below, and in reliance on the representations and warranties contained in Section 5 below, the Term Agent and the Term Lenders hereby waive the Specified Events of Default. The Term Agent hereby acknowledges that the Subordinated Lender (as defined below) may be considered an Affiliate of a Borrower for purposes of Section 5.6 of the Term Loan Agreement and hereby agrees that the transactions contemplated by the Subordinated Note and the Warrant to Purchase Stock (the “Warrant”) issued to the Subordinated Lender on the date hereof, which shall be exercised by way of cashless exercise, shall not be prohibited by Section 5.6 of the Term Loan Agreement. This is a limited waiver and shall not be deemed to (a) waive, release, modify or limit any Credit Party’s obligations to otherwise comply with all terms and conditions of the Term Loan Agreement and the other Loan Documents, (b) waive any other existing or future Default or Event of Default, or (c) prejudice any right or remedy that the Term Agent or any Term Lender may have presently or in the future under or in connection with the Term Loan Agreement or any other Loan Document (all of which rights and remedies are expressly reserved), except as expressly provided herein.
4. Acknowledgment Regarding Huron Consulting Services. Each Credit Party hereby acknowledges that the Term Agent has engaged Huron Consulting Services LLC to review and assess certain financial results and projections with respect to the Credit Parties, and each Credit Party hereby agrees to pay or reimburse the Term Agent for all costs and expenses incurred by the Term Agent in connection with such engagement.
5. Representations and Warranties. Each Credit Party hereby represents and warrants that:
- (a) After giving effect to this Third Amendment, no Default or Event of Default has occurred and is continuing;
 - (b) the execution, delivery and performance of this Third Amendment by each Credit Party are all within such Credit Party’s corporate powers, will not contravene any Requirement of Law or the terms of such Credit Party’s Organization Documents, or any Material

Contract to which such Credit Party is a party or by which such Credit Party or its property is bound, and shall not result in the creation or imposition of any lien, claim, charge or encumbrance upon any of the Collateral, except in favor of Term Agent and Term Lenders pursuant to the Term Loan Agreement and the other Loan Documents as amended hereby;

- (c) this Third Amendment and each other agreement or instrument to be executed and delivered by the Credit Parties in connection herewith have been duly authorized, executed and delivered by all necessary action on the part of such Credit Party and, if necessary, its stockholders, as the case may be, and the agreements and obligations of each Credit Party contained herein and therein constitute the legal, valid and binding obligations of such Credit Party, enforceable against it in accordance with their terms, except as enforceability is limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditor's rights generally and by general principles of equity; and
 - (d) after giving effect to this Third Amendment, and other than as disclosed on the Schedules to this Third Amendment, all representations and warranties contained in the Term Loan Agreement and each other Loan Document are true and correct in all material respects on and as of the date hereof, except (i) to the extent that such representations and warranties refer to an earlier date, in which case they shall be true and correct as of such earlier date, and (ii) in the case of any representation and warranty qualified by materiality, in which case they shall be true and correct in all respects.
6. Conditions to Effectiveness. This Third Amendment shall not be effective until each of the following conditions precedent have been fulfilled to the satisfaction of the Term Agent (such date referred to herein as, the "Effective Date"):
- (a) the Term Agent shall have received this Third Amendment, duly executed by each of the parties hereto;
 - (b) after giving effect to this Third Amendment, no Default or Event of Default shall have occurred and be continuing;
 - (c) all orders, permissions, consents, approvals, licenses, authorizations and validations of, and filings, recordings and registrations with, and exemptions by, any Governmental Authority, or any other Person required to authorize or otherwise required in connection with the execution, delivery and performance by each Credit Party of this Third Amendment and the transactions contemplated hereby, shall have been obtained and shall be in full force and effect;
 - (d) the Credit Parties shall have (i) delivered to the Term Agent, (A) evidence, in form acceptable to the Term Agent, of the closing of the transactions contemplated by the Senior Subordinated Promissory Note, dated as of the date hereof (the "Subordinated Note"), executed and delivered by the Lead Borrower to Kenneth Rainin Foundation (the "Subordinated Lender"), and (B) duly-executed copies of the Subordinated Note and all related documentation, including without limitation, the Warrant, as required by the Term Agent in its sole discretion, in each case, in form and substance acceptable to the Term Agent, and (ii) received \$5,000,000 in Subordinated Indebtedness proceeds from the Subordinated Lender pursuant to the Subordinated Note, and shall have used such

proceeds to prepay the outstanding principal balance of the Term Loans (notwithstanding the application of payments provisions set forth in Section 1.8(c) of the Term Loan Agreement), which prepayment shall be subject to the Prepayment Premium; provided, that such Prepayment Premium in an amount equal to \$100,000 shall be fully earned and due on the date hereof, but not payable until the earlier of (A) the payment in full in cash of the Obligations, (B) the occurrence of an Event of Default, and (C) August 1, 2017; and

- (e) the Credit Parties shall have paid in full (i) all invoiced Credit Party expenses in connection with the preparation, execution, delivery and administration of this Third Amendment and the other instruments and documents to be delivered hereunder, (ii) the Amendment Fee First Installment (as defined below), and (iii) all unpaid interest on the Term Loans due and payable under the Term Loan Agreement as of the date hereof (including, without limitation, any additional interest resulting from the amendment to the definition of Applicable Margin set forth herein; provided, that any such additional interest shall be fully earned and due on the date hereof, but not payable until the earlier of (A) the payment in full in cash of the Obligations, (B) the occurrence of an Event of Default, and (C) April 3, 2017). The amounts to be paid by the Credit Parties set forth in this Section 6(e) shall be fully earned and due as of the date hereof, and no portion thereof when paid shall be refunded or returned to the Credit Parties under any circumstances.
7. Amendment Fee. In consideration of the agreements contained in this Third Amendment, the Credit Parties shall pay to the Term Agent an amendment fee equal to \$200,000, which shall be fully earned and due as of the date hereof, and payable as follows: (a) \$100,000 on the date hereof (the “ Amendment Fee First Installment ”), and (b) \$100,000 (the “ Amendment Fee Second Installment ”) on the earlier of (i) the occurrence of an Event of Default, and (ii) June 1, 2017; provided that the payment of the Amendment Fee Second Installment shall be waived if no Default or Event of Default has occurred and is continuing and a Planned Refinancing Transaction closes prior to June 1, 2017 (including the payment in full in cash of the Obligations).
8. Effect on Loan Documents. The Term Loan Agreement and the other Loan Documents, after giving effect to this Third Amendment, shall be and remain in full force and effect in accordance with their terms and hereby are ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Third Amendment shall not operate as a waiver of any right, power, or remedy of the Term Agent or any other Secured Party under the Term Loan Agreement or any other Loan Document, as in effect prior to the date hereof. Each Credit Party hereby ratifies and confirms in all respects all of its obligations under the Loan Documents to which it is a party and each Credit Party hereby ratifies and confirms in all respects any prior grant of a security interest under the Loan Documents to which it is party.
9. Further Assurances. Each Credit Party shall execute and deliver all agreements, documents and instruments, each in form and substance satisfactory to the Term Agent, and take all actions as the Term Agent may reasonably request from time to time, to perfect and maintain the perfection and priority of the security interest in the Collateral held by the Term Agent and to fully consummate the transactions contemplated under this Third Amendment and the Term Loan Agreement, as modified hereby.
10. Release. Each Credit Party hereby remises, releases, acquits, satisfies and forever discharges Term Agent and the Term Lenders, their agents, employees, officers, directors, predecessors,

attorneys and all others acting on behalf of or at the direction of Term Agent or the Term Lenders, of and from any and all manner of actions, causes of action, suit, debts, accounts, covenants, contracts, controversies, agreements, variances, damages, judgments, claims and demands whatsoever, in law or in equity, which any of such parties ever had, or now has, to the extent arising from or in connection with any act, omission or state of facts taken or existing on or prior to the Effective Date, against Term Agent and the Term Lenders, their agents, employees, officers, directors, attorneys and all persons acting on behalf of or at the direction of Term Agent or the Term Lenders (“Releasees”), for, upon or by reason of any matter, cause or thing whatsoever arising under, or in connection with, or otherwise related to, the Loan Documents through the Effective Date. Without limiting the generality of the foregoing, each Credit Party waives and affirmatively agrees not to allege or otherwise pursue any defenses, affirmative defenses, counterclaims, claims, causes of action, setoffs or other rights they have or may have under, or in connection with, or otherwise related to, the Loan Documents as of the Effective Date, including, but not limited to, the rights to contest any conduct of Term Agent, the Term Lenders or other Releasees on or prior to the Effective Date.

11. No Novation; Entire Agreement. This Third Amendment evidences solely the amendment of certain specified terms and obligations of the Credit Parties under the Term Loan Agreement and is not a novation or discharge of any of the other obligations of the Credit Parties under the Term Loan Agreement. There are no other understandings, express or implied, among the Credit Parties, the Term Agent and the Term Lenders regarding the subject matter hereof or thereof.
12. Choice of Law. THIS THIRD AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.
13. Counterparts; Facsimile Execution. This Third Amendment may be executed in any number of counterparts and by different parties and separate counterparts, each of which when so executed and delivered shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Third Amendment by facsimile (or other electronic transmission) shall be as effective as delivery of a manually executed counterpart of this Third Amendment. Any party delivering an executed counterpart of this Third Amendment by facsimile (or other electronic transmission) also shall deliver a manually executed counterpart of this Third Amendment but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Third Amendment.
14. Construction. This Third Amendment is a Loan Document. This Third Amendment and the Term Loan Agreement shall be construed collectively and in the event that any term, provision or condition of any of such documents is inconsistent with or contradictory to any term, provision or condition of any other such document, the terms, provisions and conditions of this Third Amendment shall supersede and control the terms, provisions and conditions of the Term Loan Agreement.
15. Miscellaneous. The terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be duly executed and delivered by their duly authorized officers of the date first above written.

NUMEREX CORP. , as the Lead Borrower and a Borrower

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Chief Financial Officer

CELLEMETRY LLC , as a Borrower

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Treasurer

CELLEMETRY SERVICES, LLC , as a Borrower

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Treasurer

NEXTALARM, LLC , as a Borrower

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Treasurer

NUMEREX GOVERNMENT SERVICES LLC , as a Borrower

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Treasurer

[Signature Page to Third Amendment to Term Loan Agreement and Limited Waiver]

NUMEREX SOLUTIONS, LLC , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Treasurer

OMNILINK SYSTEMS INC. , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Chief Financial Officer

ORBIT ONE COMMUNICATIONS, LLC , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Treasurer

TELEMETRY SERVICES CORPORATION , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Chief Financial Officer

UBLIP, INC. , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Chief Financial Officer

UPLINK SECURITY, LLC , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Treasurer

[Signature Page to Third Amendment to Term Loan Agreement and Limited Waiver]

CRYSTAL FINANCIAL LLC , as Term Agent

By: /s/ Christopher A. Arnold

Name: Christopher A. Arnold

Title: Senior Managing Director

CRYSTAL FINANCIAL SPV LLC , as Term Lender

By: /s/ Christopher A. Arnold

Name: Christopher A. Arnold

Title: Senior Managing Director

[Signature Page to Third Amendment to Term Loan Agreement and Limited Waiver]

EXHIBIT 4.2(b)

FORM OF COMPLIANCE CERTIFICATE

To: Crystal Financial LLC
Two International Place, 17th Floor
Boston, MA 02110

Date: _____

Re: Term Loan Agreement dated as of March 9, 2016 (as amended, modified, supplemented or restated hereafter, the “**Term Loan Agreement**”) by and among (i) Numerex Corp., a Pennsylvania corporation (the “**Lead Borrower**”), (ii) the other Borrowers party thereto from time to time (together with the Lead Borrower, the “**Borrowers**”), (iii) the Guarantors party thereto from time to time, (iv) the Term Lenders party thereto from time to time party, and (v) Crystal Financial LLC, as term agent (the “**Term Agent**”). All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Term Loan Agreement.

The undersigned, a duly authorized and acting Responsible Officer of the Lead Borrower, hereby certifies to you as follows:

1. No Default; Representations and Warranties.
 - a. To the knowledge of the undersigned Responsible Officer, except as set forth in Appendix I, no Default or Event of Default has occurred and is continuing.
 - b. If a Default or Event of Default has occurred and is continuing, the Lead Borrower and its Subsidiaries propose to take action as set forth in Appendix I with respect to such Default or Event of Default.
 - c. Each of the representations and warranties set forth in the Term Loan Agreement is true and correct in all material respects as of the date hereof (without duplication of any materiality qualifier contained therein).
2. Financial Calculations. Attached hereto as Appendix II are reasonably detailed calculations of the following, each as of the Fiscal [Month/Year] ending [_____] ¹:
 - a. Adjusted EBITDA;
 - b. Consolidated Fixed Charge Coverage Ratio;
 - c. Consolidated Total Net Leverage;
 - d. Churn; and
 - e. Liquidity.

¹ Note: All calculations to be included regardless of whether compliance with any particular covenant is required for a given reporting period under the Term Loan Agreement.

3. No Material Accounting Changes, Etc. The financial statements furnished to the Term Agent for the Fiscal [Month/Year] ending [_____] are complete, correct, and fairly present, in all material respects, in accordance with GAAP, the consolidated financial position and the results of operations of the Lead Borrower and its Subsidiaries on a consolidated basis at the close of, and the results of the Lead Borrower and its Subsidiaries' operations and cash flows for, the period(s) covered, subject to, with respect to the monthly financial statements, normal year-end adjustments and the absence of footnotes. There has been no change in GAAP or the application thereof since the date of the audited financial statements furnished to the Term Agent for the year ending [_____] other than the material accounting changes as disclosed on Appendix III hereto.
4. Intellectual Property. Except as set forth on Appendix IV hereto, there has been no change to the information provided in Schedule 3.16 to the Term Loan Agreement since the date of the most recently delivered compliance certificate.
5. Commercial Tort Claims. Except as set forth on Appendix V hereto, there has been no change to the information provided in Schedule 1 to the Guaranty and Security Agreement since the date of the most recently delivered compliance certificate.

[Signature Page Follows]

IN WITNESS WHEREOF, I have executed this certificate as of the date first written above.

By: _____
Responsible Officer of Lead Borrower

Name: _____
Title: _____

APPENDIX I

Except as set forth below, no Default or Event of Default presently exists. [If a Default or Event of Default exists, the following describes the nature of the Default or Event of Default in reasonable detail and the steps being taken or contemplated by the Lead Borrower and its Subsidiaries to be taken on account thereof.]

APPENDIX II

A. Calculation of Adjusted EBITDA²

1.	Consolidated Net Income: <i>plus, without duplication, the following to the extent deducted in calculating such Consolidated Net Income:</i>	\$ _____
2.	Consolidated Interest Expense:	\$ _____
3.	the provision for federal, state, local and foreign income taxes payable by the Lead Borrower and its Subsidiaries:	\$ _____
4.	depreciation and amortization expense:	\$ _____
5.	non-cash equity-based compensation:	\$ _____
6.	non-recurring, non-cash expenses which are deemed acceptable to the Term Agent:	\$ _____
7.	the fees, costs and expenses payable by the Borrowers in connection with the closing of the transactions contemplated by the Loan Documents:	\$ _____
8.	fees and expenses paid in connection with field examinations and wind-down analyses in accordance with Section 4.9(c) of the Term Loan Agreement:	\$ _____
9.	the non-cash write-off of fixed assets during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease in an amount not to exceed \$377,000:	\$ _____
10.	the impairment charge taken during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease in an amount not to exceed \$889,000:	\$ _____
11.	third party broker fees incurred during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease not to exceed \$460,000:	\$ _____
12.	severance paid during the second Fiscal Quarter of 2016 in an amount not to exceed \$415,000:	\$ _____
13.	inventory reserves taken during second Fiscal Quarter of 2016 in an amount not to exceed \$435,000:	\$ _____
14.	goodwill impairment charges taken during the second Fiscal	

² For quarterly periods prior to the Closing Date, "Adjusted EBITDA" shall be as follows: quarter ended December 31, 2015 - \$1,963,000, quarter ended September 30, 2015 - \$1,664,000 and quarter ended June 30, 2015 - \$3,410,000.

- Quarter of 2016 in an amount not to exceed \$7,000,000: \$ _____
15. cash severance paid during July and August of 2016 in an amount not to exceed \$253,000: \$ _____
16. cash costs and expenses paid in connection with relocating to a temporary headquarters at 400 Interstate North Parkway SE, Atlanta, Georgia in July of 2016 in an amount not to exceed \$25,000: \$ _____
17. goodwill impairment charges taken during the fourth Fiscal Quarter of 2016 in an amount not to exceed \$7,833,000: \$ _____
18. severance paid during the fourth Fiscal Quarter of 2016 in an amount not to exceed \$311,598 and severance paid during the first Fiscal Quarter of 2017 in an amount not to exceed \$398,821: \$ _____
19. third party professional fees for transaction related activities in the fourth Fiscal Quarter of 2016 in an amount not to exceed \$111,136 and fees related to debt refinancing and amendment in the first Fiscal Quarter of 2017 to not exceed in amount of \$775,000: \$ _____
20. one-time consulting costs for Inventory MRP system not to exceed \$75,000 and one-time moving expenses to a new 3PL not to exceed \$20,000: \$ _____
21. one-time costs related to turn down of network for 2G ATT in an amount not to exceed \$25,000: \$ _____
- minus the following to the extent included in calculating such Consolidated Net Income:*
22. federal, state, local and foreign income tax credits of the Lead Borrower and its Subsidiaries: \$ _____
23. extraordinary gains for such period: \$ _____
24. all non-cash, non-recurring items increasing Consolidated Net Income: \$ _____
25. the sum of lines A-2 through A-21: \$ _____
26. the sum of lines A-22 through A-24: \$ _____
27. Adjusted EBITDA (line A-1 plus line A-25 minus line A-26): \$ _____

In compliance with minimum Adjusted EBITDA covenant, pursuant to Section 5.23 of the Term Loan Agreement (applicable only for calculations as of the end of a Fiscal Quarter):

[Yes/No/NA]

B. Calculation of Consolidated Fixed Charge Coverage Ratio

1. Adjusted EBITDA (line A-27): \$ _____
2. Capital Expenditures paid in cash: \$ _____
plus:
3. the aggregate amount (but not less than \$0) of federal, state, local and foreign income taxes paid in cash: \$ _____
4. Debt Service Charges paid in cash:
- a. Consolidated Interest Expense³: \$ _____
- b. All scheduled principal payments made or required to be made on account of Indebtedness for borrowed money (including, without limitation, principal payments in accordance with Section 1.6(a)(i) of the Term Loan Agreement and obligations with respect to Capital Leases for such period (excluding, for the avoidance of doubt, all voluntary and mandatory prepayments): \$ _____
- c. the sum of lines B-4-a and B-4-b: \$ _____
5. Restricted Payments paid in cash: \$ _____
6. the sum of lines B-2, B-3, B-4-c and B-5: \$ _____
7. Consolidated Fixed Charge Coverage Ratio (the ratio of line B-1 to line B-6): [] : []

In compliance with minimum Consolidated Fixed Charge Coverage Ratio covenant, pursuant to Section 5.23 of the Term Loan Agreement (applicable only for calculations as of the end of a Fiscal Quarter): [Yes/No/NA]

³ With respect to the calculation of the amounts set forth in line B-4-a above, for each of the quarters ending on March 31, 2016, June 30, 2016, September 30, 2016 and December 30, 2016, such amounts shall be calculated by: (i) determining the actual amount thereof from the Closing Date through such date of determination, (ii) dividing such amount by the number of days that have elapsed from the Closing Date through such date of determination, and (iii) multiplying the result by 365.

C. Calculation of Consolidated Total Net Leverage

1. Net Debt: \$ _____

2. Consolidated Total Net Leverage (the ratio of line C-1 to Adjusted EBITDA (line A-27)): [] : []

In compliance with maximum Consolidated Total Net Leverage covenant, pursuant to Section 5.23 of the Term Loan Agreement (applicable only for Calculations as of the end of a Fiscal Quarter): [Yes/No/NA]

D. Calculation of Churn

1. Aggregate number of subscribers at the end of the period:
minus
2. Aggregate number of subscribers at the end of the prior period:
3. Subscriber disconnect (line D-1 minus line D-2):
4. Churn (line D-3 divided by line D-2):

In compliance with subscriber Churn covenant, pursuant to Section 5.23 of the Term Loan Agreement
(applicable only for calculations as of the end of a Fiscal Quarter): [Yes/No/NA]

E. Minimum Liquidity

Liquidity: \$

Minimum Liquidity: \$5,000,000

In compliance with minimum Liquidity covenant, pursuant to Section 5.23 of the Term Loan Agreement: [Yes/No]

APPENDIX III

Except as set forth below, no material changes in GAAP or the application thereof have occurred since [the date of the most recently delivered financial statements to the Term Agent prior to the date of this certificate]. [If material changes in GAAP or in application thereof have occurred, the following describes the nature of the changes in reasonable detail and the effect, if any, of each such material change in GAAP or in application thereof in the calculation of the financial covenants described in the Term Loan Agreement].

APPENDIX IV

Except as set forth below, there has been no change to the information provided in Schedule 3.16 (Intellectual Property) to the Term Loan Agreement since the date of the most recently delivered compliance certificate.

APPENDIX V

Except as set forth below, there has been no change to the information provided in Schedule 1 (Commercial Tort Claims) to the Guaranty and Security Agreement since the date of the most recently delivered compliance certificate.

SCHEDULE 3.5

LITIGATION

Actions, suits and proceedings:

In re: Liperial “Savon” Easterling v. Aretz , et al., 16 CV 1617 (Montgomery Ct, Tenn).

This action was filed on August 8, 2016 against Omnilink and multiple other defendants related to the death of Mr. Easterling, the plaintiff's son. The claims arise from the alleged murder of Mr. Easterling by Mr. Aretz, an individual that was released on bail and ordered to wear a GPS tracking device bracelet provided by Omnilink.

The claims were tendered to Omnilink's insurance carrier, and the insurance carrier agreed to defend Omnilink. On October 4, 2016, Omnilink filed a motion to dismiss the complaint based on lack of personal jurisdiction and failure to state a claim. On December 2, 2016, the judge continued the motion and granted plaintiff ninety days to conduct discovery to support plaintiff's opposition of the motion.

The complaint requests that the plaintiff be awarded \$20,000,000 in compensatory damages and \$10,000,000 in punitive damages. Numerex believes the complaint is without merit.

Cen Com, Inc. v. Numerex Corp. et al., 16-2-31077-0 SEA (Sup. Ct WA)

Cen Com, a former supplier of alarm monitoring services for NextAlarm, brought an action claiming that NextAlarm allowed Amcest, the current provider of the services, to improperly gather information owned by Cen Com to service NextAlarm's customers.

The complaint does not specify the amount of damages being sought by the plaintiff. Numerex believes that its potential liability in the event of an unfavorable outcome with respect to this matter is likely to be less than \$250,000.

Jeff Smith v. Numerex

Jeff Smith, the former Chief Technology and Innovation Officer of Numerex, brought an action seeking reimbursement of approximately \$54K in expenses that Mr. Smith claims to have incurred while at Numerex but for which no expense reports were submitted.

Marc Zions

Numerex received a letter from an attorney representing Marc Zions (former CEO) regarding his termination from Numerex on January 10, 2017. On March 29, 2017 Numerex was advised by Mr. Zions' counsel that, unless Numerex begins settlement discussions, Mr. Zions may submit a request for arbitration in accordance with the terms of his employment agreement. At this preliminary stage, Numerex does not know whether Mr. Zions will submit a request for arbitration or what his claims might be and cannot form a judgment as to the likelihood of an unfavorable outcome or the amount or range of potential loss, if any.

Governmental audits, reviews and investigations:

SEC

On April 27, 2016, Numerex received a document preservation notice from the Atlanta regional Office of the Securities & Exchange Commission in connection with an investigation by the staff. The SEC inquired about the departure of executive officers of Numerex, Grant Thornton's decision not to stand for reappointment after completion of audit services for FY2015, and the material weaknesses reported in Numerex's annual report for the year ended December 31, 2015. The chair of the audit committee responded to questions from the SEC staff and since that time, there have been no additional contact or requests for more information.

OFCCP

The Office of Federal Contract Compliance Programs ("OFCCP") conducted a routine audit of Numerex Corp.'s affirmative action policies. Numerex Corp. provided information requested by the OFCCP. The OFCCP did not find any discriminatory practices but did find deficiencies in the hiring process, namely that Numerex failed to maintain records of the gender, race, and ethnicity of all applicants and to list all openings in the state workforce job bank. Numerex entered into a conciliation agreement under which Numerex agreed to correct such practices.

SCHEDULE 3.16**INTELLECTUAL PROPERTY****1. Patents**

Country	Application No.	Patent No	Filing Date	Issue Date	Title	Registrant
US	09/666,042	6,718,177	9/20/2000	4/6/2004	System for Communicating Messages Via a Forward Overhead Control Channel for a Programmable Logic Control Device	Numerex Corp.
US	10/038,089	6,882,843	1/2/2002	4/19/2005	Multiple Wireless Data Transport Transceiver System	Numerex Corp.
US	09/083,079	6,311,060	5/21/1998	10/30/2001	Method and System for Registering the Location of a Mobile Cellular Communications Device	Numerex Corp.
US	10/008,100	7,225,459	11/13/2001	5/29/2007	Methods and Systems for Dynamically Adjusting Video Bit Rates	Numerex Corp.
US	08/769,142	5,873,043	12/18/1996	2/16/1999	System for Communicating Messages Via a Forward Overhead Control Channel	Numerex Corp.
US	09/699,312	6,856,808	10/27/2000	2/15/2005	Interconnect System and Method for Multiple Protocol Short Message Services	Numerex Corp.
US	10/262,372	6,718,237	9/30/2002	4/6/2004	Communications Device for Conveying Geographic Location Information Over Capacity Constrained Wireless Systems	Numerex Corp.
US	09/549,761	6,738,647	4/14/2000	5/18/2004	Method and System for Expanding the Data Payload of Data Messages Transported Via a Cellular Network Control Channel	Numerex Corp.
US	09/082,694	6,311,056	5/21/1998	10/30/2001	Method and System for Expanding the Data Capacity of a Cellular Network Control Channel	Numerex Corp.
US	10/773,692	7,272,494	2/6/2004	9/18/2007	Communication Device for Conveying Geographic Location Information Over Capacity Constrained Wireless Systems	Numerex Corp.
US	10/770,326	7,151,943	2/2/2004	12/19/2006	System for Communicating Messages Via a Forward Overhead Control Channel for a Programmable Logic Control Device	Numerex Corp.
US	10/885,445	7,245,928	7/6/2004	7/17/2007	Method and System for Improved Short Message Services	Numerex Corp.
US	10/952,710	7,233,802	9/29/2004	6/19/2007	Interconnect System and Method for Multiple Protocol Short Message Services	Numerex Corp.
US	11/811,855	7,680,505	6/12/2007	3/16/2010	Telemetry Gateway	Numerex Corp.

US	12/704,290	8,060,067	2/11/2010	11/15/2011	Method and System for Efficiently Routing Messages	Numerex Corp.
US	13/247,316	8,543,146	9/28/2011	9/24/2013	Method and System for Efficiently Routing Messages	Numerex Corp.
US	13/848,804	8,903,437	3/22/2013	12/2/2014	Method and System for Efficiently Routing Messages	Numerex Corp.
US	10/959,809	7,783,508	10/6/2004	8/24/2010	Method and System for Refining Vending Operations Based on Wireless Data	Numerex Corp.
US	10/877,354	7,650,285	6/25/2004	1/19/2010	Method and System for Adjusting Digital Audio Playback Sampling Rate	Numerex Corp.
US	12/012,848	8,265,605	2/6/2008	9/11/2012	Service escrowed transportable wireless event reporting system	Numerex Corp.
US	13/568,559	8,543,097	8/7/2012	9/24/2013	Service escrowed transportable wireless event reporting system	Numerex Corp.
US	13/971,935	8,855,716	8/21/2013	10/7/2014	Service escrowed transportable wireless event reporting system	Numerex Corp.
US	12/002,215	7,880,599	12/14/2007	2/1/2011	Method and System for Remotely Monitoring the Operations of a Vehicle	Numerex Corp.
US	12/002,091	7,936,256	12/14/2007	5/3/2011	Method and System for Interacting with a Vehicle over a Mobile Radiotelephone Network	Numerex Corp.
US	12/290,048	8,738,046	10/27/2008	5/27/2014	Intelligent Short Message Delivery System and Method	Numerex Corp.
US	12/713,916	8,041,383	2/26/2010	10/18/2011	Digital Upgrade System and Method	Numerex Corp.
US	13/234,712	8,483,748	9/16/2011	7/9/2013	Digital Upgrade System and Method	Numerex Corp.
US	13/911,554	8,868,059	6/6/2013	10/21/2014	Digital Upgrade System and Method	Numerex Corp.
US	12/640,688	8,112,285	12/17/2009	2/7/2012	Method and System for Improving Real-Time Data Communications	Numerex Corp.
US	12/985,989	8,126,764	1/6/2011	2/28/2012	Communication of Managing Vending Operations Based on Wireless Data	Numerex Corp.
US	12/860,231	8,214,247	8/20/2010	7/3/2012	Method and System for Refining Vending Operations Based on Wireless Data	Numerex Corp.
US	13/491,079	8,484,070	6/7/2012	7/9/2013	Method and System for Managing Vending Operations Based on Wireless Data	Numerex Corp.
US	12/985,975	8,269,618	1/6/2011	9/18/2012	Method and System for Remotely Monitoring the Location of a Vehicle	Numerex Corp.
US	13/040,563	8,253,549	3/4/2011	8/28/2012	Method and System for Interacting with a Vehicle over a Mobile Radiotelephone Network	Numerex Corp.
US	13/561,313	8,547,212	7/30/2012	10/1/2013	Method and System for Interacting with a Vehicle over a Mobile Radiotelephone Network	Numerex Corp.






US	14/043,363	9,084,197	10/1/2013	7/14/2015	Method and System for Interacting with a Vehicle over a Mobile Radiotelephone Network	Numerex Corp.
US	13/345,018	8,412,186	1/6/2012	4/2/2013	Method and system for managing subscriber identity modules on wireless networks for machine to-machine applications	Numerex Corp.
US	13/681,460	8,611,891	11/20/2012	12/17/2013	Method and system for managing subscriber identity modules on wireless networks for machine to-machine applications	Numerex Corp.
US	14/079,936	9,414,240	11/14/2013	8/9/2016	Method and system for managing subscriber identity modules on wireless networks for machine to-machine applications	Numerex Corp.
US	13/456,662	8,705,716	4/26/2012	4/22/2014	Interactive Control of Alarm Systems by Telephone Interface Using an Intermediate Gateway	Numerex Corp.
US	13/413,333	8,705,704	3/6/2012	4/22/2014	Delivery of Alarm System Event Data and Audio Over Hybrid Network	Numerex Corp.
US	13/438,941	8,798,260	4/4/2012	8/5/2014	Delivery of Alarm System Event Data and Audio	Numerex Corp.
US	14/450,787	9,462,135	8/4/2014	10/4/2016	Delivery of Alarm System Event Data and Audio	Numerex Corp.
US	14/013,637	9,153,124	8/29/2013	10/6/2015	Alarm Sensor Supporting Long-Range Wireless Communication	Numerex Corp.
US	14/039,573	9,177,464	9/27/2013	11/3/2015	Method and system for untethered two-way voice communication for an alarm system	Numerex Corp.
US	10/462,708	7,245,703	6/17/2003	7/17/2007	Alarm Signal Interceptor, Middleware Processor, and Re-Transmitter Using Caller ID	Numerex Corp.
US	10/861,790	7,440,554	6/7/2004	10/21/2008	Alarm Signal Interceptor, Middleware Processor, and Re-Transmitter	Numerex Corp.
US	11/226,857	7,593,512	9/14/2005	9/22/2009	Private VOIP network for Security System Monitoring	Numerex Corp.
US	11/348,291	7,734,020	2/6/2006	6/8/2010	Two-way Voice and Voice over IP receivers for Alarm Systems	Numerex Corp.
US	11/517,025	7,613,278	9/7/2006	11/3/2009	Alarm System Activation Platform	Numerex Corp.
US	12/018,724	8,369,487	1/23/2008	2/5/2013	Enhanced 911 notification for Internet Enabled Alarm Systems	Numerex Corp.
US	12/504,709	9,131,040	7/17/2009	9/8/2015	Alarm System for use over Satellite Broadband	Numerex Corp.
US	13/004,917	8,509,391	1/12/2011	8/13/2013	Wireless VoIP Network for Security System Monitoring	Numerex Corp.
US	13/939,460	9,094,410	7/11/2013	7/28/2015	Wireless VoIP Network for Security System Monitoring	Numerex Corp.
US	13/194,912	9,054,893	7/30/2011	6/9/2015	Alarm System IP Network with PSTN Output	Numerex Corp.

US	14/598,737	9,356,798	1/16/2015	5/31/2016	Alarm System IP Network with PSTN Output	Numerex Corp.
US	14/075,467	9,235,855	11/8/2013	1/12/2016	Delivery of Security Solutions Based on Demand	Numerex Corp.
US	14/272,709	9,510,180	5/8/2014	11/29/2016	Mobile Management Message Distribution and Active On-Network Determination	Numerex Corp.
US	14/862,701		9/23/2015		Mobile Management Message Distribution and Active On-Network Determination	Numerex Corp.
US	14/185,209	9,350,871	2/20/2014	5/24/2016	Delivery of Alarm System Event Data and Audio Over Hybrid Network	Numerex Corp.
US	14/332,794	9,183,730	7/16/2014	11/10/2015	Method and System for Mitigating Invasion Risk Associated with Stranger Interactions in a Security System Environment	Numerex Corp.
US	14/559,190		12/3/2014		Method and System for Managing a Location Detector	Numerex Corp.
US	14/525,808		10/28/2014		Method and System for Generating Geofences for Managing Offender Movement	Numerex Corp.
US	14/534,746	9,582,982	11/6/2014	2/28/2017	Method and System for Energy Managed of an Offender Monitor	Numerex Corp.
US	14/524,232		10/27/2014		Offender Monitor with Managed Rate of Location Reading	Numerex Corp.
US	14/525,786	9,401,082	10/28/2014	7/26/2016	Offender Monitor with Orientation Based Monitoring	Numerex Corp.
US	14/522,965	9,449,497	10/24/2014	9/20/2016	Method and System for Detecting Alarm System Tampering	Numerex Corp.
US	11/040,636	7,323,970	1/21/2005	1/29/2008	Method and System for Remote Interaction with a Vehicle via Wireless Communication	Numerex Corp.
US	14/789,085		7/1/2015		Method and System for Locating a Wireless Tracking Device	Numerex Corp.
US	14/789,089	9,503,848	7/1/2015	11/22/2016	Method and System for Locating a Wireless Tracking Device Associated with a Network of Alarm Panels	Numerex Corp.
US	13/081,954	9,119,013	4/7/2011	8/25/2015	Satellite Based Tracking and Data Device with Multi-Function Radio Frequency Interface	Numerex Corp.
US	13/092,652		4/22/2011		Analytical Scoring Engine for Remote Device Data	Numerex Corp.
US	13/209,536	8,769,111	8/15/2011	7/1/2014	IP Network Service Redirector Device and Method	Numerex Corp.
US	13/435,231	8,990,915	3/30/2012	3/24/2015	Local Data Appliance for Collecting and Storing Remote Sensor Data	Numerex Corp.
US	13/484,973	9,214,082	5/31/2012	12/15/2015	System and Method for Alarm System Tamper Detection and Reporting	Numerex Corp.
US	13/485,030	9,325,814	5/31/2012	8/9/2016	Wireless SNMP Agent Gateway	Numerex Corp.

US	13/607,955	8,761,795	9/10/2012	6/24/2014	Dynamic Reverse Geofencing	Numerex Corp
US	14/312,037		6/23/2014		Dynamic Reverse Geofencing	Numerex Corp
US	13/644,001	8,970,364	10/3/2012	3/3/2015	Method and System for Remote Coupling Security System Control	Numerex Corp
US	13/734,352	9,207,331	1/4/2013	12/8/2015	Using Statistical Analysis to Infer an Accurate GPS Location for Use in Tracking Devices	Numerex Corp
US	13/865,601	9,041,527	4/18/2013	5/26/2015	System and Method for Using Alarm System Zones for Remote or Mobile Objects	Numerex Corp
US	14/721,472		5/26/2015		System and Method for Using Alarm System Zones for Remote or Mobile Objects	Numerex Corp
US	14/538,569		11/11/2014		System and Method for Employing Base Stations to Track Mobile Devices	Numerex Corp
US	14/552,768		11/25/2014		System and Method for Interfacing 2G Applications with a 3G/4G Cellular Radio Network	Numerex Corp
US	14/794,586		7/8/2015		Depletion Mode MOSFET Power Supply	Numerex Corp
US	14/794,602		7/8/2015		System and Method for Camera Registration	Numerex Corp
US	14/830,574		8/19/2015		Motor Fault Detection System and Method	Numerex Corp
US	14/872,780		10/1/2015		Coordination of Gas Pump with Tank Level Sensors for Fraud Detection	Numerex Corp
US	14/872,997		10/1/2015		Closed Tank Fill Level Sensor	Numerex Corp
US	11/804,199	7,680,471	5/17/2007	3/16/2010	System and method for prolonging wireless data product's life	Numerex Corp
US	13/750,205	9,215,578	1/25/2013	12/15/2015	Monitoring Systems and Methods	Omnilink Systems Inc.
US	12/112,695	8,115,621	4/30/2008	2/14/2012	Device for Tracking the Movement of Individuals or Objects	Omnilink Systems Inc.
US	11/935,858	8,547,222	11/6/2007	10/1/2013	System and Method of Tracking the Movement of Individuals and Assets	Omnilink Systems Inc.
US	11/935,833	7,518,500	11/6/2007	4/14/2009	System and Method for Monitoring Alarms and Responding to the Movement of Individuals and Assets	Omnilink Systems Inc.
US	12/350,678	7,864,047	1/8/2009	1/4/2011	System and Method for Monitoring Alarms and Responding to the Movement of Individuals and Assets	Omnilink Systems Inc.
US	13/937,941	9,373,241	7/9/2013	6/21/2016	System and Method of Tracking the Movement of Individuals and Assets	Omnilink Systems Inc.

US	12/794,500	8,489,113	6/4/2010	7/16/2013	Method and System for Tracking, Monitoring and/or Changing Tracking Devices including Wireless Energy Transfer Features	Omnilink Systems Inc.
US	12/639,524	8,831,627	12/16/2009	9/9/2014	System and Method for Tracking Monitoring, Collecting, Reporting and Communicating with the Movement of Individuals	Omnilink Systems Inc.
US	29/279,448	D578,918	5/1/2007	10/21/2008	Offender Monitor	Omnilink Systems Inc.
US	08/969,146	6,154,648	11/12/1997	11/28/2000	METHODS AND APPARATUS FOR COMMUNICATING DATA VIA A CELLULAR MOBILE RADIOTELEPHONE SYSTEM	Numerex Corp.
US	09/160,512	6,108,537	9/24/1998	8/22/2000	METHOD AND SYSTEM FOR PERFORMING A PREDETERMINED OPERATION RELATED TO A PREDETERMINED CLASS OF CELLULAR SOURCES	Numerex Corp.
US	15/222,164		7/28/2016		Offender Monitor Messaging System	Numerex Corp.
US	15/158,088		5/18/2016		System and Method of Using Pick-up, Drop-off Geofence for Mobile Devices	Numerex Corp.
US	14/991,031	9,536,417	1/8/2016	1/2/2017	Method and System for Hierarchical Management of Personal Emergency Response System (PERS) Devices	Numerex Corp.
US	14/991,028		1/8/2016		Method and System for Locating a Personal Emergency Response System (PERS) Device Based on Real Estate Lockbox Interaction	Numerex Corp.
US	15/331,364		10/21/2016		Method and System for Locating a Wireless Tracking Device Associated with a Network of Alarm Panels	Numerex Corp.

2. Trademarks

MARK	COUNTRY	SERIAL NO.	FILING DATE	REG. NO.	REG. DATE	STATUS CODE	OWNER
	United States	77894440	12/16/2009	3906542	1/18/2011	REGISTERED	Numerex Corp
	Canada	1463075	12/16/2009	TMA815774	1/19/2012	REGISTERED	Numerex Corp
	CTM	8766371	12/17/2009	8766371	6/11/2010	REGISTERED	Numerex Corp
	Mexico	1055804	12/18/2009	1146967	3/5/2010	REGISTERED	Numerex Corp
	Mexico	1055805	12/18/2009	1150111	3/24/2010	REGISTERED	Numerex Corp

	Mexico	1055806	12/18/2009	1146300	3/2/2010	REGISTERED	Numerex Corp
AVIDWIRELESS	United States	85721098	9/5/2012	4378893	8/6/2013	REGISTERED	Numerex Corp
FASTRACK	United States	78047504	2/9/2001	2858718	6/29/2004	REGISTERED	Numerex Corp
FASTRACK	Canada	1663293	2/10/2014			PENDING	Numerex Corp
FASTRACK	CTM	12579652	2/10/2014	12579652	7/2/2014	REGISTERED	Numerex Corp
FOCALPOINT	United States	78873454	5/1/2006	3545293	12/9/2008	REGISTERED	Omnilink Systems Inc.
MYSHIELD	United States	86740980	8/28/2015			PENDING	Numerex Corp
NEXTALARM	United States	86187648	2/7/2014	4784209	8/4/2015	REGISTERED	Numerex Corp
NEXTALARM	Canada	1663294	2/10/2014			PENDING	Numerex Corp
NEXTALARM	Mexico	1502622	7/3/2014			PENDING	Numerex Corp
NEXTALARM	Mexico	1502627	7/3/2014			PENDING	Numerex Corp
NEXTALARM	Mexico	1502631	7/3/2014			PENDING	Numerex Corp
NEXTALARM	Mexico	1502632	7/3/2014			PENDING	Numerex Corp
NEXTALARM	Mexico	1502635	7/3/2014			PENDING	Numerex Corp
NEXTALARM.COM	United States	78885124	5/16/2006	3249281	6/5/2007	REGISTERED	Numerex Corp
NEXTALARM.COM THE BROADBAND ALARM COMPANY	United States	78929909	7/14/2006	3244717	5/22/2007	REGISTERED	Numerex Corp
NUMEREX	United States	77710898	4/9/2009	3736251	1/12/2010	REGISTERED	Numerex Corp
NUMEREX	Canada	1349945	6/1/2007	TMA770553	6/23/2010	REGISTERED	Numerex Corp
NUMEREX	Canada	1454771	10/8/2009	TMA829144	8/6/2012	REGISTERED	Numerex Corp

NUMEREX	CTM	8605371	10/9/2009	8605371	4/5/2010	REGISTERED	Numerex Corp
NUMEREX	CTM	5820519	4/10/2007	5820519	7/30/2009	REGISTERED	Numerex Corp
NUMEREX	Mexico	859369	6/5/2007	1011675	11/16/2007	REGISTERED	Numerex Corp
NUMEREX	Mexico	859366	6/5/2007	1043373	5/30/2008	REGISTERED	Numerex Corp
NUMEREX	Mexico	859368	6/5/2007	1104992	6/11/2009	REGISTERED	Numerex Corp
NUMEREX	Mexico	859367	6/5/2007	1011674	11/16/2007	REGISTERED	Numerex Corp
NUMEREX	Mexico	1024495	6/5/2007	1024495	2/20/2008	REGISTERED	Numerex Corp
NUMEREX DNA	United States	77598236	10/22/2008	3796708	6/1/2010	REGISTERED	Numerex Corp
NUMEREX DNA	Canada	1415685	10/24/2008	TMA783445	11/25/2010	REGISTERED	Numerex Corp
NUMEREX DNA	CTM	8230054	4/21/2009	8230054	11/13/2009	REGISTERED	Numerex Corp
NUMEREX DNA	Mexico	1002255	4/21/2009	1131018	11/23/2009	REGISTERED	Numerex Corp
NUMEREX DNA	Mexico	1006231	5/14/2009	1127160	10/23/2009	REGISTERED	Numerex Corp
NUMEREX DNA	Mexico	1006232	5/14/2009	1163625	6/14/2010	REGISTERED	Numerex Corp
NUMEREX SATELLITE FLEX	United States	85385958	8/1/2011	4488845	2/25/2014	REGISTERED	Numerex Corp
NUMEREX SMART DATA DELIVERED	CTM	12704433	3/18/2014	12704433	8/13/2014	REGISTERED	Numerex Corp
OMNILINK	United States	78626004	5/9/2005	3156898	10/17/2006	REGISTERED	Omnalink Systems Inc.
SMART DATA DELIVERED	United States	86112013	11/6/2013	4680617	2/3/2015	REGISTERED	Numerex Corp
SMART DATA DELIVERED	Canada	1657958	12/27/2013			PUBLISHED	Numerex Corp
SMART DATA DELIVERED	Mexico	1446329	1/9/2014			PENDING	Numerex Corp
SMART DATA DELIVERED	Mexico	1446330	1/9/2014			PENDING	Numerex Corp
SMARTDATADELIVERED	Canada	1661235	1/27/2014			PUBLISHED	Numerex Corp
SMARTDATADELIVERED	Mexico	1451208	1/27/2014			PENDING	Numerex Corp

SMARTDATADELIVERED	Mexico	1451209	1/27/2014			PENDING	Numerex Corp
THE BROADBAND ALARM COMPANY	United States	78785181	1/4/2006	3175728	11/21/2006	REGISTERED	Numerex Corp
UPLINK	United States	78691601	8/12/2005	3279435	8/14/2007	REGISTERED	Uplink Security, LLC
UPLINK	United States	78106931	2/5/2002	4013326	8/16/2011	REGISTERED	Uplink Security, LLC
UPLINK	United States	86190829	2/11/2014	4683816	2/10/2015	REGISTERED	Uplink Security, LLC
UPLINK	Canada	1465547	1/12/2010	TMA839360	1/11/2013	REGISTERED	Uplink Security, LLC
UPLINK	CTM	5915327	5/18/2007	5915327	3/16/2010	REGISTERED	Uplink Security, LLC
UPLINK	Mexico	1501264	6/30/2014			PENDING	Uplink Security, LLC
UPLINK	Mexico	1501263	6/30/2014			PENDING	Uplink Security, LLC
UPLINK	Mexico	1501262	6/30/2014			PENDING	Uplink Security, LLC
UPLINK	Mexico	1501260	6/30/2014			PENDING	Uplink Security, LLC
NUMEREX INSITE	United States	86345978	7/23/2014			ABANDONED	Numerex Corp
ACCELAVIEW	United States	85040167	5/17/2010	3932829	3/15/2011	REGISTERED	Numerex Corp
ABBRA	United States	78567205	2/14/2005	3076222	4/4/2006	REGISTERED	Numerex Corp
MACHINES TRUST US	United States	77592395	10/14/2008	3675590	9/1/009	REGISTERED	Numerex Corp
ALL TERRAIN M2M	United States	77978685	4/2/2008	3782717	4/27/2010	REGISTERED	Numerex Corp
NUMEREX FAST	United States	77920341	1/26/2010	3906634	1/18/2011	REGISTERED	Numerex Corp
NUMEREX DNA DEVICE NETWORK APPLICATION	United States	77917829	1/22/2010	3840747	8/31/2010	REGISTERED	Numerex Corp

V-NOTIFY	United States	77084419	1/17/2007	3333730	11/13/2007	REGISTERED	Numerex Corp
E-NOTIFY	United States	77084414	1/17/2007	3403769	3/25/2008	REGISTERED	Numerex Corp
ORBITRAX	United States	77004275	9/21/2006	3264104	7/17/2007	REGISTERED	Numerex Corp
CELLEMETRY	United States	74493789	2/23/1994	2004693	10/1/1996	REGISTERED	Numerex Corp
DCX	United States	74437904	9/20/1993	1941980	12/19/1995	REGISTERED	Numerex Corp
DERIVED CHANNEL MULTIPLEX	United States	74437859	9/20/1993	1937727	11/28/1995	REGISTERED	Numerex Corp
UPLINK REMOTE	United States	86187670	2/7/2014	4677682	1/27/2015	REGISTERED	Uplink Security, LLC
UPLINK GPS	United States	85818059	1/8/2013	4546091	6/10/2014	REGISTERED	Uplink Security, LLC
U-TRAC BY UPLINK	United States	77759381	6/15/2009	3826255	7/27/2010	REGISTERED	Uplink Security, LLC

3. Copyrights

None.

4. Internet Domains

alzcomfortzone.com
comfortzonecheckin.com
lbsdeveloper.com
lbsdevelopment.com
lbsgateway.com
lbsplatform.com
lbsprofessionalservices.com
lbsproserve.com
m2mwirelessdevices.com
omnilink.com
omnilinkalert.com

omnilinkalerts.com
omnilinkfocalpoint.com
omnilinkfocalpt.com
omnilinkfpt.com
omnilinkjs.com
omnilinkjudicial.com
omnilinksafetreturn.com
omnilinksafetreturns.com
omnilinksoftware.com
omnilinksys.com
omnilinksystems.com
omnilinkve.com
omnilinkvirtualearth.com
tscgateway.com
tscgateway.net
universaltracker.com
virtualearthconsulting.com
virtualearthdevelopment.com
virtualearthps.com
ACCUTRAX.COM
ACCUTRAX.INFO
ACCUTRAX.MOBI
ACCUTRAX.US
ACCUTRAXLIVE.COM
ACCUTRAXLIVE.NET
ACCUTRAXONLINE.NET
ACCUTRAXWEB.COM
ACCUTRAXWEB.NET
FELIX-DATA.COM
FELIXADMIN.COM
FELIXCONTROL.COM
FELIXLITE.COM
FELIXLITE.NET
FELIXLIVE.COM
FELIXLIVE.NET
FELIXLOGISTICS.COM
FELIXMANAGER.COM
FELIXMAPPING.COM
FELIXMOBILE.COM
FELIXMOBILE.NET
FELIXTAV.COM

FELIXTPM.COM
FELIXTRACKING.COM
FELIXVIEW.COM
G-RFID.COM
G-RFID.INFO
G-RFID.NET
G-RFID.ORG
G-RFID.US
I-FELIX.COM
MYACCUTRAX.COM
MYACCUTRAX.NET
MYGLOBALTRACKING.COM
MYGLOBALTRACKING.NET
SATELLITE-RFID.COM
SATELLITE-RFID.INFO
SATELLITE-RFID.NET
SATELLITE-RFID.ORG
SATELLITE-RFID.US
NUMEREXDNA.COM
NUMEREXFAST.COM
UBLIP.COM
I3GCRP.COM
4GSUNRISE.COM
accelaview.info
accelaview.net
accelaview.us
accelaviewblog.com
accelaviewdriver.com
accelaviewdriver.info
accelaviewdriver.net
accelaviewdriver.us
accelaviewfleet.com
accelaviewfleet.info
accelaviewfleet.net
accelaviewfleet.us
accelaviewonline.com
accelaviewshop.com
accelaviewstore.com
ACCUTAV.BIZ
ACCUTAV.COM
ACCUTAV.INFO

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ACCUTAV.NET
ACCUTAV.ORG
ACCUTAV.US
ACTIVATEUPLINK.COM
AIRDESK.NET
AIRDESKWIRELESS.COM
ALARMLOGIN.COM
ALARMLOGIN.NET
ALARMLOGIN.US
ASKUPLINK.COM
CELLEMETRY.COM
CELLEMETRY.NET
CELLEMETRY.ORG
CELLEMETRYAPPS.COM
CPNFORUM.COM
DCXSYS.COM
DIGILOG.COM
FAST-SCO.COM
FAST-UPLINK.COM
FASTRACKFLEET.COM
FASTRACKMOBILE.COM
FASTRACKXPRESS.COM
FTFLEET.COM
GOUPLINK.NET
GPRSXPRESS.COM
M2MEXCHANGE.NET
M2MEXCHANGE.ORG
M2MXCHANGE.COM
M2MXCHANGE.NET
M2MXCHANGE.ORG
MBLGPS.COM
myaccelaview.com
MYALARM.INFO
MYMOBILEFASTRACK.COM
MYMOBILEGUARDIAN.COM
MYMOBILEGUARDIAN.NET
MYUPLINKCONNECT.COM
MYUPLINKGPS.COM
MYUPLINKINTERACTIVE.COM
MYUPLINKMOBILE.COM

MYUPLINKREMOTE.COM
MYUPLINKSECURITY.COM
MYWIRELESSCONNECTIONS.COM
MYWIRELESSCONNECTIONS.NET
NEXTALARM.COM
NEXTALARM.INFO
NEXTALARM.NET
NEXTALARM.ORG
NEXTALARM.US
NEXTVIEWCAM.COM
NMRX.COM
NMRX.NET
NMRX.ORG
NUMEREX-IOT.COM
NUMEREX.COM
NUMEREX.NET
NUMEREX.ORG
NUMEREXCELLPASS.COM
NUMEREXCLOUDPASS.COM
NUMEREXCOMMPASS.COM
NUMEREXCOMPASS.COM
NUMEREXCONNECTPASS.COM
NUMEREXCORP.COM
NUMEREXCORP.NET
NUMEREXDATAPASS.COM
NUMEREXFASTPASS.COM
NUMEREXFASTRACK.COM
NUMEREXFLEX.COM
NUMEREXM2MSOLUTIONS.COM
NUMEREXMEXICO.COM
NUMEREXMOBILE.COM
NUMEREXPASSPORT.COM
NUMEREXPRESS.COM
NUMEREXSOLUTIONS.COM
NUMEREXSOLUTIONS.NET
NUMEREXVENDING.COM
NUMEREXVENDING.NET
NUMEREXWORLDPASS.COM
ONEHOURSECURITY.COM
ORBIT-ONE.COM
PORTABLEM2M.COM

PORTABLEM2M.NET
PORTABLEM2M.ORG
POWEREDBYNUMEREX.COM
REMOTEARM.ME
SATELLITEFLEX.COM
SATELLITEHERO.COM
SMARTDATADELIVERED.BIZ
SMARTDATADELIVERED.COM
SMARTDATADELIVERED.INFO
SMARTDATADELIVERED.MOBI
SMARTDATADELIVERED.NET
SMARTDATADELIVERED.ORG
SMARTDATADELIVERED.US
U-TARQCARGO.NET
U-TRAQ.COM
U-TRAQ.NET
U-TRAQASSETS.COM
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U-TRAQAUTO.COM
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U-TRAQAUTOPRO.COM
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U-TRAQCARGO.COM
U-TRAQFLEET.COM
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U-TRAQMINIC.NET
U-TRAQPETS.COM
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UPLINK.COM
UPLINK2GIG.COM
UPLINKBILLING.COM
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UPLINKGPS.COM
UPLINKINTERACTIVE.COM
UPLINKREMOTE.COM
UPLINKSECURITY.COM
UPLINKTRACKER.COM
UPLINKTRACKER.NET

UPLINKTRACKING.COM
UPLINKTRACKING.NET
UTRAQAUTO.COM
UTRAQAUTO.NET
UTRAQCARGO.COM
UTRAQCARGO.NET
UTRAQFLEET.COM
UTRAQFLEET.NET
UTRAQNOW.COM
UTRAQNOW.NET
UTRAQPETS.COM
UTRAQPETS.NET
VENDMONITOR.COM
VENDMONITOR.NET
VENDVIEW.COM
VENDVIEW.NET
VOIP-ALARM.CO
VOIPALARM.CO
VOIPALARM.COM
NMRXALERTS.com

5. IP Licenses

Settlement Agreement effective July 16, 2010 by and between Satellite Tracking of People, LLC and Michelle Enterprises, LLC and Omnilink Systems Inc.

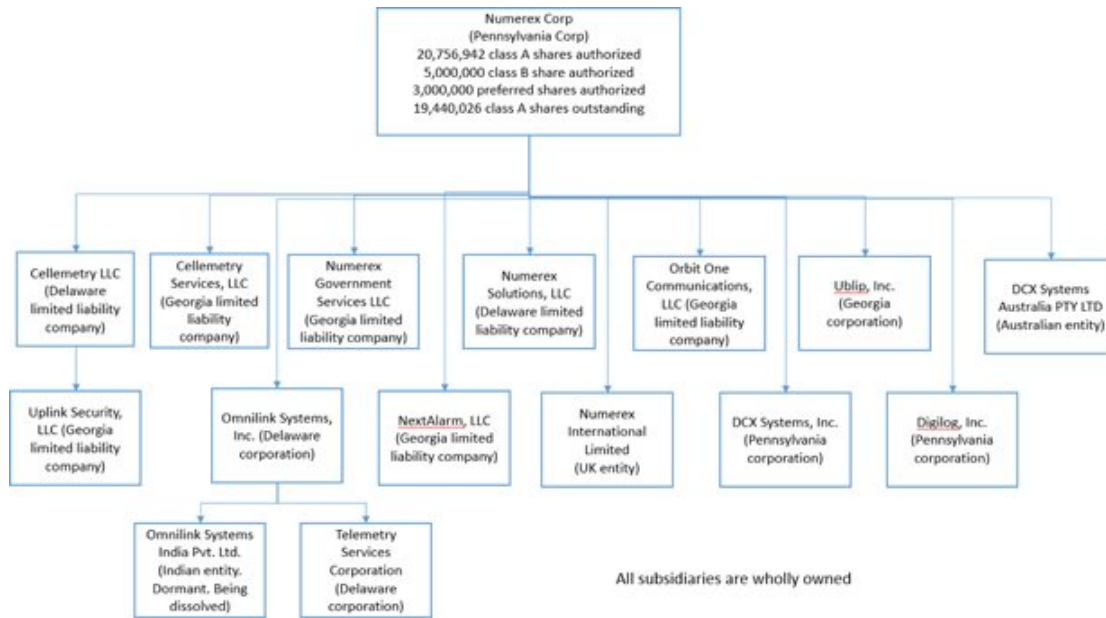
Supplemental Settlement Agreement effective May 19, 2014 by and between Satellite Tracking of People, LLC and Omnilink Systems Inc.

SCHEDULE 3.19

VENTURES, SUBSIDIARIES, AND AFFILIATES; OUTSTANDING STOCK

<u>Issuer</u>	<u>Type of Organization</u>	<u># of Shares Owned</u>	<u>Total Shares Outstanding</u>	<u>Owner</u>	<u>Certificate No. (if uncertificated, please indicate so)</u>	<u>Par Value (if any)</u>
uBlip, Inc.	Georgia Corp.	1,000	1,000	Numerex Corp.	1	None
Omnilink Systems Inc.	Delaware Corp	10	10	Numerex Corp.	1	\$0.01
Telemetry Services Corporation	Delaware Corp	100,000	100,000	Omnilink Systems Inc.	1	\$0.0001
Cellemetry LLC	Delaware LLC	100%	N/A	Numerex Corp.	Uncertificated	N/A
CELLEMTRY SERVICES, LLC	Georgia LLC	100%	N/A	Numerex Corp.	Uncertificated	N/A
Numerex Government Services LLC	Georgia LLC	100%	N/A	Numerex Corp.	Uncertificated	N/A
NUMEREX SOLUTIONS, LLC	Delaware LLC	100%	N/A	Numerex Corp.	Uncertificated	N/A
Orbit One Communications, LLC	Georgia LLC	100%	N/A	Numerex Corp.	Uncertificated	N/A
Uplink Security, LLC	Georgia LLC	100%	N/A	Cellemetry LLC	Uncertificated	N/A
NextAlarm, LLC	Georgia LLC	100%	N/A	Numerex Corp.	Uncertificated	N/A

Numerex Corp. also owns 100% of DCX Systems Australia PTY Ltd., an Australian Entity. Numerex Corp's ownership interest in this entity is uncertificated. Omnilink Systems Inc. also owns 100% of Omnilink Systems Pvt Ltd, an Indian entity that is in the process of dissolution. Omnilink Systems Inc.'s ownership interest in this subsidiary is uncertificated.



Joint Ventures, Partnerships and Affiliations:

None.

Pre-emptive or other outstanding rights to purchase, options, warrants or similar rights or agreements:

Kenneth Rainin Foundation holds a warrant to purchase 125,000 Common Shares of the Company.

Options and Restricted Stock Units granted under the 2014 Long Term Incentive Plan

Options and Restricted Stock Units granted under the 2011 Long Term Incentive Plan

SCHEDULE 3.20

JURISDICTION OF ORGANIZATION; CHIEF EXECUTIVE OFFICE

<u>Legal Name</u>	<u>Jurisdiction of Organization</u>	<u>Organizational Identification Number</u>	<u>Location of Chief Executive Office or Sole Place of Business</u>
Numerex Corp.	PA	2569500	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339
Cellemetry LLC	DE	2896495	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339
CELLEMETRY SERVICES, LLC	GA	0506174	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339
NextAlarm, LLC	GA	12079521	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339
Numerex Government Services LLC	GA	09063449	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339
NUMEREX SOLUTIONS, LLC	DE	3361359	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339
Orbit One Communications, LLC	GA	07061836	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339
uBlip, Inc.	GA	08077547	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339
Uplink Security, LLC	GA	08096034	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339
Omnilink Systems Inc.	DE	3840422	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339
Telemetry Services Corporation	DE	4012995	400 Interstate North Parkway, Suite 1350 Atlanta, GA 30339

SCHEDULE 3.21

LOCATIONS OF INVENTORY, EQUIPMENT AND BOOKS AND RECORDS (UPDATED)

Locations of Inventory and Equipment

400 Interstate North Parkway SE, Suite 1350 Atlanta, GA 30339	1210 Roosevelt St., Suite 200 Edmond, OK 73034
8144 Walnut Hill Lane Suite 310 Dallas, TX 75231	1095 Windward Ridge Building 300, Ste. 160 Alpharetta, GA 30005
5900 Windward Parkway #200 Alpharetta, GA 30005	275 S. Main Street, Suite 2CC Doylestown, PA 18902
Encompass Supply Chain Solutions, Inc. 775 Tipton Industrial Drive, Suite D Lawrenceville, GA 30046 (third party logistics)	IntegraCore, LLC 7280 Oakley Industrial Boulevard Fairburn, GA 30213 (third party logistics)
Telegent EMS LLC 102 Technology Way Havana, FL 32333 (third party manufacturer)	Morey Corp. 100 Morey Drive Woodridge, IL 60517 (third party manufacturer)
Catcon Products, Inc. 7709 Sand Street Fort Worth, TX 76118 (third party manufacturer)	Amware Logistic Services 4505 Newpoint Place Lawrenceville, GA 30043
Vital Support 5515 Nobel Drive Fitchburg, WI 53711 (data center)	AT&T 375 Riverside Parkway Lithia Springs, GA 30122 (data center)

Location of Books and Records for all entities

400 Interstate North Parkway SE, Suite 1350
Atlanta, GA 30339

FOURTH AMENDMENT TO TERM LOAN AGREEMENT

This FOURTH AMENDMENT TO TERM LOAN AGREEMENT, dated as of May [], 2017 (this “**Fourth Amendment**”), by and among Numerex Corp., a Pennsylvania corporation (the “**Lead Borrower**”), the other Persons party hereto as that are designated as “Borrowers” (each a “**Borrower**” and, together with the Lead Borrower, the “**Borrowers**”), the other Persons party hereto designated as “Guarantors” (the “**Guarantors**”, and, together with the Borrowers, the “**Credit Parties**”), Crystal Financial LLC, a Delaware limited liability company, as administrative agent and collateral agent (in such capacities, the “**Term Agent**”) for the financial institutions from time to time party to the Term Loan Agreement (collectively, the “**Term Lenders**” and individually each a “**Term Lender**”) and for itself, the Term Lenders and the other Secured Parties.

W I T N E S S E T H:

WHEREAS, the Borrowers, the Guarantors, the Term Agent and the Term Lenders are party to that certain Term Loan Agreement dated as of March 9, 2016, as amended by the First Amendment to Term Loan Agreement dated as of July 29, 2016, as further amended by the Second Amendment to Term Loan Agreement dated as of November 3, 2016, as further amended by the Third Amendment to Term Loan Agreement and Limited Waiver dated as of March 31, 2017 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “**Term Loan Agreement**”), pursuant to which the Term Lenders agreed, subject to the terms and conditions contained therein, to extend credit to the Borrowers; and

WHEREAS, the Credit Parties have requested that the Term Agent and the Term Lenders effect certain amendments to the Term Loan Agreement as more specifically set forth herein, and the Term Agent and the Term Lenders are willing to effect such amendments to the Term Loan Agreement on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties signatory hereto agree as follows:

1. Defined Terms. Except as otherwise defined in this Fourth Amendment, terms defined in the Term Loan Agreement are used herein as defined therein.
2. Amendment to Term Loan Agreement. Subject to the satisfaction of the conditions precedent specified in Section 5 below, the following amendments shall be incorporated into the Term Loan Agreement:
 - (a) Section 4.21 of the Term Loan Agreement is hereby amended by deleting the reference to “June 1, 2017” appearing therein and inserting “June 7, 2017” in its stead.
 - (b) Section 10.1 of the Term Loan Agreement is hereby amended by deleting the definition of “Adjusted EBITDA” in its entirety and substituting the following in its stead:

“Adjusted EBITDA” means, for any period, for the Lead Borrower and its Subsidiaries on a Consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) without duplication, the following to the extent deducted in calculating such

Consolidated Net Income: (i) Consolidated Interest Expense for such period, (ii) the provision for federal, state, local and foreign income taxes payable by the Lead Borrower and its Subsidiaries for such period, (iii) depreciation and amortization expense for such period, (iv) non-cash equity-based compensation, (v) non-recurring, non-cash expenses which are deemed acceptable to the Term Agent, (vi) the fees, costs, and expenses payable by the Borrowers in connection with the closing of the transactions contemplated by the Loan Documents, (vii) fees and expenses paid in connection with field examinations and wind-down analyses in accordance with Section 4.9(c), (viii) the non-cash write-off of fixed assets during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease in an amount not to exceed \$377,000, (ix) the impairment charge taken during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease in an amount not to exceed \$889,000, (x) third party broker fees incurred during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease not to exceed \$460,000, (xi) severance paid during the second Fiscal Quarter of 2016 in an amount not to exceed \$415,000, (xii) inventory reserves taken during second Fiscal Quarter of 2016 in an amount not to exceed \$435,000, (xiii) goodwill impairment charges taken during the second Fiscal Quarter of 2016 in an amount not to exceed \$7,000,000, (xiv) cash severance paid during July and August of 2016 in an amount not to exceed \$253,000, (xv) cash costs and expenses paid in connection with relocating to a temporary headquarters at 400 Interstate North Parkway SE, Atlanta, Georgia in July of 2016 in an amount not to exceed \$25,000, (xvi) goodwill impairment charges taken during the fourth Fiscal Quarter of 2016 in an amount not to exceed \$7,833,000, (xvii) severance paid during the fourth Fiscal Quarter of 2016 in an amount not to exceed \$311,598 and severance paid during the first Fiscal Quarter of 2017 in an amount not to exceed \$[424,000], ¹ (xviii) third party professional fees for transaction related activities in the fourth Fiscal Quarter of 2016 in an amount not to exceed \$111,136 and fees related to debt refinancing and amendment in the first Fiscal Quarter of 2017 to not exceed in amount of \$775,000, (xix) one-time consulting costs for Inventory MRP system not to exceed \$75,000 and one-time moving expenses to a new 3PL not to exceed \$20,000, (xx) one-time costs related to turn down of network for 2G ATT in an amount not to exceed \$25,000, (xxi) a one-time non-cash write-off for deferred financing fees in an amount not to exceed \$[227,000] associated with the repayment of the Term Loans on March 31, 2017, and (xxii) a one-time consent fee paid to Grant Thornton LLP in connection with the 2015 audit in an amount not to exceed \$[75,000], and minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) federal, state, local and foreign income tax credits of the Lead Borrower and its Subsidiaries for such period, (ii) extraordinary gains for such period and (iii) all non-cash, non-recurring items increasing Consolidated Net Income for such period. For quarterly periods prior to the closing date, “Adjusted EBITDA” shall be as follows: quarter ended December 31, 2015 - \$1,963,000, quarter ended September 30, 2015 - \$1,664,000 and quarter ended June 30, 2015 - \$3,410,000.”

3. Amendment to Exhibits. Exhibit 4.2(b) to the Term Loan Agreement, the Form of Compliance Certificate, is hereby amended by deleting said exhibit in its entirety and replacing it with the corresponding exhibit set forth in Annex I attached hereto.
4. Representations and Warranties. Each Credit Party hereby represents and warrants that:

¹ Note to Numerex: Please confirm exact dollar amounts requested for new/updated add-backs.

- (a) After giving effect to this Fourth Amendment, no Default or Event of Default has occurred and is continuing;
 - (b) the execution, delivery and performance of this Fourth Amendment by each Credit Party are all within such Credit Party's corporate powers, will not contravene any Requirement of Law or the terms of such Credit Party's Organization Documents, or any Material Contract to which such Credit Party is a party or by which such Credit Party or its property is bound, and shall not result in the creation or imposition of any lien, claim, charge or encumbrance upon any of the Collateral, except in favor of Term Agent and Term Lenders pursuant to the Term Loan Agreement and the other Loan Documents as amended hereby;
 - (c) this Fourth Amendment and each other agreement or instrument to be executed and delivered by the Credit Parties in connection herewith have been duly authorized, executed and delivered by all necessary action on the part of such Credit Party and, if necessary, its stockholders, as the case may be, and the agreements and obligations of each Credit Party contained herein and therein constitute the legal, valid and binding obligations of such Credit Party, enforceable against it in accordance with their terms, except as enforceability is limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditor's rights generally and by general principles of equity; and
 - (d) after giving effect to this Fourth Amendment, all representations and warranties contained in the Term Loan Agreement and each other Loan Document are true and correct in all material respects on and as of the date hereof, except (i) to the extent that such representations and warranties refer to an earlier date, in which case they shall be true and correct as of such earlier date, and (ii) in the case of any representation and warranty qualified by materiality, in which case they shall be true and correct in all respects.
5. Conditions to Effectiveness. This Fourth Amendment shall not be effective until each of the following conditions precedent have been fulfilled to the satisfaction of the Term Agent (such date referred to herein as, the "Effective Date"):
- (a) the Term Agent shall have received this Fourth Amendment, duly executed by each of the parties hereto;
 - (b) the Term Agent shall have received a duly executed and effective amendment or supplement to the Commitment Letter, dated as of May 1, 2017, by and between HCP-FVF, LLC and the Lead Borrower, extending the expiration of such Commitment Letter as described in Section 7(d) thereof through June 7, 2017, in form and substance acceptable to the Term Agent;
 - (c) after giving effect to this Fourth Amendment, no Default or Event of Default shall have occurred and be continuing;
 - (d) all orders, permissions, consents, approvals, licenses, authorizations and validations of, and filings, recordings and registrations with, and exemptions by, any Governmental Authority, or any other Person required to authorize or otherwise required in connection with the execution, delivery and performance by each Credit Party of this Fourth

Amendment and the transactions contemplated hereby, shall have been obtained and shall be in full force and effect; and

- (e) the Credit Parties shall have paid in full all invoiced Credit Party expenses in connection with the preparation, execution, delivery and administration of this Fourth Amendment and the other instruments and documents to be delivered hereunder (with such fees and expenses described in this paragraph being fully earned as of the date hereof, and no portion thereof shall be refunded or returned to the Credit Parties under any circumstances).
6. Effect on Loan Documents. The Term Loan Agreement and the other Loan Documents, after giving effect to this Fourth Amendment, shall be and remain in full force and effect in accordance with their terms and hereby are ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Fourth Amendment shall not operate as a waiver of any right, power, or remedy of the Term Agent or any other Secured Party under the Term Loan Agreement or any other Loan Document, as in effect prior to the date hereof. Each Credit Party hereby ratifies and confirms in all respects all of its obligations under the Loan Documents to which it is a party and each Credit Party hereby ratifies and confirms in all respects any prior grant of a security interest under the Loan Documents to which it is party.
7. Further Assurances. Each Credit Party shall execute and deliver all agreements, documents and instruments, each in form and substance satisfactory to the Term Agent, and take all actions as the Term Agent may reasonably request from time to time, to perfect and maintain the perfection and priority of the security interest in the Collateral held by the Term Agent and to fully consummate the transactions contemplated under this Fourth Amendment and the Term Loan Agreement, as modified hereby.
8. Release. Each Credit Party hereby remises, releases, acquits, satisfies and forever discharges Term Agent and the Term Lenders, their agents, employees, officers, directors, predecessors, attorneys and all others acting on behalf of or at the direction of Term Agent or the Term Lenders, of and from any and all manner of actions, causes of action, suit, debts, accounts, covenants, contracts, controversies, agreements, variances, damages, judgments, claims and demands whatsoever, in law or in equity, which any of such parties ever had, or now has, to the extent arising from or in connection with any act, omission or state of facts taken or existing on or prior to the Effective Date, against Term Agent and the Term Lenders, their agents, employees, officers, directors, attorneys and all persons acting on behalf of or at the direction of Term Agent or the Term Lenders (“Releasees”), for, upon or by reason of any matter, cause or thing whatsoever arising under, or in connection with, or otherwise related to, the Loan Documents through the Effective Date. Without limiting the generality of the foregoing, each Credit Party waives and affirmatively agrees not to allege or otherwise pursue any defenses, affirmative defenses, counterclaims, claims, causes of action, setoffs or other rights they have or may have under, or in connection with, or otherwise related to, the Loan Documents as of the Effective Date, including, but not limited to, the rights to contest any conduct of Term Agent, the Term Lenders or other Releasees on or prior to the Effective Date.
9. No Novation; Entire Agreement. This Fourth Amendment evidences solely the amendment of certain specified terms and obligations of the Credit Parties under the Term Loan Agreement and is not a novation or discharge of any of the other obligations of the Credit Parties under the Term Loan Agreement. There are no other understandings, express or implied, among the Credit Parties, the Term Agent and the Term Lenders regarding the subject matter hereof or thereof.

10. Choice of Law. THIS FOURTH AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.
11. Counterparts; Facsimile Execution. This Fourth Amendment may be executed in any number of counterparts and by different parties and separate counterparts, each of which when so executed and delivered shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Fourth Amendment by facsimile (or other electronic transmission) shall be as effective as delivery of a manually executed counterpart of this Fourth Amendment. Any party delivering an executed counterpart of this Fourth Amendment by facsimile (or other electronic transmission) also shall deliver a manually executed counterpart of this Fourth Amendment but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Fourth Amendment.
12. Construction. This Fourth Amendment is a Loan Document. This Fourth Amendment and the Term Loan Agreement shall be construed collectively and in the event that any term, provision or condition of any of such documents is inconsistent with or contradictory to any term, provision or condition of any other such document, the terms, provisions and conditions of this Fourth Amendment shall supersede and control the terms, provisions and conditions of the Term Loan Agreement.
13. Miscellaneous. The terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to be duly executed and delivered by their duly authorized officers of the date first above written.

NUMEREX CORP. , as the Lead Borrower and a Borrower

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Chief Financial Officer

CELLEMETRY LLC , as a Borrower

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Treasurer

CELLEMETRY SERVICES, LLC , as a Borrower

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Treasurer

NEXTALARM, LLC , as a Borrower

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Treasurer

NUMEREX GOVERNMENT SERVICES LLC , as a Borrower

By: /s/ Kenneth Gayron
Name: Kenneth Gayron
Title: Treasurer

[Signature Page to Fourth Amendment to Term Loan Agreement]

NUMEREX SOLUTIONS, LLC , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Treasurer

OMNILINK SYSTEMS INC ., as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Chief Financial Officer

ORBIT ONE COMMUNICATIONS, LLC , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Treasurer

TELEMETRY SERVICES CORPORATION , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Chief Financial Officer

UBLIP, INC. , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Chief Financial Officer

UPLINK SECURITY, LLC , as a Borrower

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Treasurer

[Signature Page to Fourth Amendment to Term Loan Agreement]

CRYSTAL FINANCIAL LLC , as Term Agent

By: /s/ Christopher A. Arnold

Name: Christopher A. Arnold

Title: Senior Managing Director

CRYSTAL FINANCIAL SPV LLC , as Term Lender

By: /s/ Christopher A. Arnold

Name: Christopher A. Arnold

Title: Senior Managing Director

[Signature Page to Fourth Amendment to Term Loan Agreement]

Annex I

Updated Exhibit 4.2(b)

Form of Compliance Certificate (see attached)

EXHIBIT 4.2(b)

FORM OF COMPLIANCE CERTIFICATE

To: Crystal Financial LLC
Two International Place, 17th Floor
Boston, MA 02110

Date: _____

Re: Term Loan Agreement dated as of March 9, 2016 (as amended, modified, supplemented or restated hereafter, the “**Term Loan Agreement**”) by and among (i) Numerex Corp., a Pennsylvania corporation (the “**Lead Borrower**”), (ii) the other Borrowers party thereto from time to time (together with the Lead Borrower, the “**Borrowers**”), (iii) the Guarantors party thereto from time to time, (iv) the Term Lenders party thereto from time to time party, and (v) Crystal Financial LLC, as term agent (the “**Term Agent**”). All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Term Loan Agreement.

The undersigned, a duly authorized and acting Responsible Officer of the Lead Borrower, hereby certifies to you as follows:

1. No Default; Representations and Warranties.
 - a. To the knowledge of the undersigned Responsible Officer, except as set forth in Appendix I, no Default or Event of Default has occurred and is continuing.
 - b. If a Default or Event of Default has occurred and is continuing, the Lead Borrower and its Subsidiaries propose to take action as set forth in Appendix I with respect to such Default or Event of Default.
 - c. Each of the representations and warranties set forth in the Term Loan Agreement is true and correct in all material respects as of the date hereof (without duplication of any materiality qualifier contained therein).
2. Financial Calculations. Attached hereto as Appendix II are reasonably detailed calculations of the following, each as of the Fiscal [Month/Year] ending [_____] ¹:
 - a. Adjusted EBITDA;
 - b. Consolidated Fixed Charge Coverage Ratio;
 - c. Consolidated Total Net Leverage;
 - d. Churn; and
 - e. Liquidity.

¹ Note: All calculations to be included regardless of whether compliance with any particular covenant is required for a given reporting period under the Term Loan Agreement.

3. No Material Accounting Changes, Etc. The financial statements furnished to the Term Agent for the Fiscal [Month/Year] ending [_____] are complete, correct, and fairly present, in all material respects, in accordance with GAAP, the consolidated financial position and the results of operations of the Lead Borrower and its Subsidiaries on a consolidated basis at the close of, and the results of the Lead Borrower and its Subsidiaries' operations and cash flows for, the period(s) covered, subject to, with respect to the monthly financial statements, normal year-end adjustments and the absence of footnotes. There has been no change in GAAP or the application thereof since the date of the audited financial statements furnished to the Term Agent for the year ending [_____] other than the material accounting changes as disclosed on Appendix III hereto.
4. Intellectual Property. Except as set forth on Appendix IV hereto, there has been no change to the information provided in Schedule 3.16 to the Term Loan Agreement since the date of the most recently delivered compliance certificate.
5. Commercial Tort Claims. Except as set forth on Appendix V hereto, there has been no change to the information provided in Schedule 1 to the Guaranty and Security Agreement since the date of the most recently delivered compliance certificate.

[Signature Page Follows]

IN WITNESS WHEREOF, I have executed this certificate as of the date first written above.

By: _____
Responsible Officer of Lead Borrower

Name: _____
Title: _____

APPENDIX I

Except as set forth below, no Default or Event of Default presently exists. [If a Default or Event of Default exists, the following describes the nature of the Default or Event of Default in reasonable detail and the steps being taken or contemplated by the Lead Borrower and its Subsidiaries to be taken on account thereof.]

APPENDIX II

A. Calculation of Adjusted EBITDA²

1.	Consolidated Net Income: <i>plus, without duplication, the following to the extent deducted in calculating such Consolidated Net Income:</i>	\$ _____
2.	Consolidated Interest Expense:	\$ _____
3.	the provision for federal, state, local and foreign income taxes payable by the Lead Borrower and its Subsidiaries:	\$ _____
4.	depreciation and amortization expense:	\$ _____
5.	non-cash equity-based compensation:	\$ _____
6.	non-recurring, non-cash expenses which are deemed acceptable to the Term Agent:	\$ _____
7.	the fees, costs and expenses payable by the Borrowers in connection with the closing of the transactions contemplated by the Loan Documents:	\$ _____
8.	fees and expenses paid in connection with field examinations and wind-down analyses in accordance with Section 4.9(c) of the Term Loan Agreement:	\$ _____
9.	the non-cash write-off of fixed assets during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease in an amount not to exceed \$377,000:	\$ _____
10.	the impairment charge taken during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease in an amount not to exceed \$889,000:	\$ _____
11.	third party broker fees incurred during the second Fiscal Quarter of 2016 relating to the Atlanta Sublease not to exceed \$460,000:	\$ _____
12.	severance paid during the second Fiscal Quarter of 2016 in an amount not to exceed \$415,000:	\$ _____
13.	inventory reserves taken during second Fiscal Quarter of 2016 in an amount not to exceed \$435,000:	\$ _____
14.	goodwill impairment charges taken during the second Fiscal	

² For quarterly periods prior to the Closing Date, "Adjusted EBITDA" shall be as follows: quarter ended December 31, 2015 - \$1,963,000, quarter ended September 30, 2015 - \$1,664,000 and quarter ended June 30, 2015 - \$3,410,000.

	Quarter of 2016 in an amount not to exceed \$7,000,000:	\$ _____
15.	cash severance paid during July and August of 2016 in an amount not to exceed \$253,000:	\$ _____
16.	cash costs and expenses paid in connection with relocating to a temporary headquarters at 400 Interstate North Parkway SE, Atlanta, Georgia in July of 2016 in an amount not to exceed \$25,000:	\$ _____
17.	goodwill impairment charges taken during the fourth Fiscal Quarter of 2016 in an amount not to exceed \$7,833,000:	\$ _____
18.	severance paid during the fourth Fiscal Quarter of 2016 in an amount not to exceed \$311,598 and severance paid during the first Fiscal Quarter of 2017 in an amount not to exceed \$[424,000]:	\$ _____
19.	third party professional fees for transaction related activities in the fourth Fiscal Quarter of 2016 in an amount not to exceed \$111,136 and fees related to debt refinancing and amendment in the first Fiscal Quarter of 2017 to not exceed in amount of \$775,000:	\$ _____
20.	one-time consulting costs for Inventory MRP system not to exceed \$75,000 and one-time moving expenses to a new 3PL not to exceed \$20,000:	\$ _____
21.	one-time costs related to turn down of network for 2G ATT in an amount not to exceed \$25,000:	\$ _____
22.	a one-time non-cash write-off for deferred financing fees in an amount not to exceed \$[227,000] associated with the repayment of the Term Loans on March 31, 2017:	\$ _____
23.	a one-time consent fee paid to Grant Thornton LLP in connection with the 2015 audit in an amount not to exceed \$[75,000]:	\$ _____
	<i>minus the following to the extent included in calculating such Consolidated Net Income:</i>	
24.	federal, state, local and foreign income tax credits of the Lead Borrower and its Subsidiaries:	\$ _____
25.	extraordinary gains for such period:	\$ _____
26.	all non-cash, non-recurring items increasing Consolidated Net Income:	\$ _____
27.	the <u>sum</u> of lines A-2 through A-23:	\$ _____

28. the sum of lines A-24 through A-26: \$ _____

29. Adjusted EBITDA (line A-1 plus line A-27 minus line A-28): \$ _____

In compliance with minimum Adjusted EBITDA covenant, pursuant to Section 5.23 of the Term Loan Agreement (applicable only for calculations as of the end of a Fiscal Quarter): [Yes/No/NA]

B. Calculation of Consolidated Fixed Charge Coverage Ratio

1.	Adjusted EBITDA (line A-29):	\$ _____
2.	Capital Expenditures paid in cash: <i>plus:</i>	\$ _____
3.	the aggregate amount (but not less than \$0) of federal, state, local and foreign income taxes paid in cash:	\$ _____
4.	Debt Service Charges paid in cash:	
	a. Consolidated Interest Expense ³ :	\$ _____
	b. All scheduled principal payments made or required to be made on account of Indebtedness for borrowed money (including, without limitation, principal payments in accordance with Section 1.6(a)(i) of the Term Loan Agreement and obligations with respect to Capital Leases for such period (excluding, for the avoidance of doubt, all voluntary and mandatory prepayments):	\$ _____
	c. the <u>sum</u> of lines B-4-a and B-4-b:	\$ _____
5.	Restricted Payments paid in cash:	\$ _____
6.	the <u>sum</u> of lines B-2, B-3, B-4-c and B-5:	\$ _____
7.	Consolidated Fixed Charge Coverage Ratio (the ratio of line B-1 <u>to</u> line B-6):	[] : []

In compliance with minimum Consolidated Fixed Charge Coverage Ratio covenant, pursuant to Section 5.23 of the Term Loan Agreement (applicable only for calculations as of the end of a Fiscal Quarter): [Yes/No/NA]

³ With respect to the calculation of the amounts set forth in line B-4-a above, for each of the quarters ending on March 31, 2016, June 30, 2016, September 30, 2016 and December 30, 2016, such amounts shall be calculated by: (i) determining the actual amount thereof from the Closing Date through such date of determination, (ii) dividing such amount by the number of days that have elapsed from the Closing Date through such date of determination, and (iii) multiplying the result by 365.

C. Calculation of Consolidated Total Net Leverage

1. Net Debt: \$ _____

2. Consolidated Total Net Leverage (the ratio of line C-1 to Adjusted EBITDA (line A-29)): [] : []

In compliance with maximum Consolidated Total Net Leverage covenant, pursuant to Section 5.23 of the Term Loan Agreement (applicable only for Calculations as of the end of a Fiscal Quarter): [Yes/No/NA]

D. Calculation of Churn

1. Aggregate number of subscribers at the end of the period:
minus
2. Aggregate number of subscribers at the end of the prior period:
3. Subscriber disconnect (line D-1 minus line D-2):
4. Churn (line D-3 divided by line D-2):

In compliance with subscriber Churn covenant, pursuant to Section 5.23 of the Term Loan Agreement (applicable only for calculations as of the end of a Fiscal Quarter): [Yes/No/NA]

E. Minimum Liquidity

Liquidity: \$

Minimum Liquidity: \$5,000,000

In compliance with minimum Liquidity covenant, pursuant to Section 5.23 of the Term Loan Agreement: [Yes/No]

APPENDIX III

Except as set forth below, no material changes in GAAP or the application thereof have occurred since [the date of the most recently delivered financial statements to the Term Agent prior to the date of this certificate]. [If material changes in GAAP or in application thereof have occurred, the following describes the nature of the changes in reasonable detail and the effect, if any, of each such material change in GAAP or in application thereof in the calculation of the financial covenants described in the Term Loan Agreement].

APPENDIX IV

Except as set forth below, there has been no change to the information provided in Schedule 3.16 (Intellectual Property) to the Term Loan Agreement since the date of the most recently delivered compliance certificate.

APPENDIX V

Except as set forth below, there has been no change to the information provided in Schedule 1 (Commercial Tort Claims) to the Guaranty and Security Agreement since the date of the most recently delivered compliance certificate.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Kenneth L. Gayron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Numerex 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 we 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: May 9, 2017

/s/ Kenneth L. Gayron

Kenneth L. Gayron
Interim Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Kenneth L. Gayron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Numerex 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 we 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: May 9, 2017

/s/ Kenneth L. Gayron

Kenneth L. Gayron
Chief Financial Officer and
Principal Financial and Accounting Officer

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Numerex Corp. (the "Company") on Form 10-Q for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth L. Gayron, as Interim Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Interim Chief Executive Officer of the Company with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be disclosed, distributed or used by any person or for any reason other than as specifically required by law.

May 9, 2017

/s/ Kenneth L. Gayron

Kenneth L. Gayron
Interim Chief Executive Officer

**CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Numerex Corp (the "Company") on Form 10-Q for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth L. Gayron, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Financial Officer of the Company with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be disclosed, distributed or used by any person or for any reason other than as specifically required by law.

May 9, 2017

/s/ Kenneth L. Gayron

Kenneth L. Gayron
Chief Financial Officer and
Principal Financial and Accounting Officer