UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

☒ Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2018

☐ Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ______ to ______

000-30061
(*Commission file No.)*

PARETEUM CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	**95-4557538**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. employer identification no.)*

1185 Avenue of the Americas, New York, NY 10036
USA
(Address of principal executive offices) (Zip Code)

+ 1 (212) 984-1096
(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 Website, 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 ☐	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 August 13, 2018, there were 60,263,228 shares of the Company's common stock outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

PARETEUM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 19,205,252	$ 13,537,899
Restricted cash	229,083	199,776
Accounts receivable, net of an allowance for doubtful accounts of $0 at June 30, 2018 and $90,173 at December 31, 2017	3,852,866	2,058,284
Prepaid expenses and other current assets	1,174,617	900,369
Total current assets	24,461,818	16,696,328
NON-CURRENT ASSETS		
OTHER ASSETS	89,245	91,267
NOTE RECEIVABLE	595,502	594,520
PROPERTY AND EQUIPMENT, NET	4,680,006	4,713,710
LONG TERM INVESTMENTS	3,230,208	3,230,208
TOTAL ASSETS	$ 33,056,779	$ 25,326,033
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and customer deposits	$ 2,568,505	$ 1,978,726
Net billings in excess of revenues	258,904	242,986
Accrued expenses and other payables	3,697,831	5,250,130
9% Unsecured Subordinate Convertible Promissory Note (current portion net of Debt Discount and Debt Issuance)	134,013	66,000
Total current liabilities	6,659,253	7,537,842
LONG TERM LIABILITIES		
Derivative liabilities	-	1,597,647
Other long term liabilities	118,481	151,163
Unsecured Convertible Promissory Note (net of Debt Discount and Debt Issuance)	622,023	617,848
Total long term liabilities	740,504	2,366,658
Total liabilities	7,399,757	9,904,500
Commitments and Contingencies (See Notes)		
STOCKHOLDERS' EQUITY		
Common Stock $0.00001 par value, 500,000,000 shares authorized, 55,656,115 issued and outstanding as of June 30, 2018 and 46,617,093 shares issued and outstanding as of December 31, 2017	331,959,299	321,271,437
Accumulated other comprehensive loss	(6,281,426)	(6,306,691)
Accumulated deficit	(300,020,851)	(299,543,213)
Total stockholders' equity	25,657,022	15,421,533
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 33,056,779	$ 25,326,033

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

PARETEUM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(UNAUDITED)

	Three months Ended June 30, 2018	Three months Ended June 30, 2017	Six months Ended June 30, 2018	Six months Ended June 30, 2017
REVENUES	$ 6,003,180	$ 3,239,175	$ 10,115,750	$ 6,034,118
COST AND OPERATING EXPENSES				
Cost of service	1,779,882	945,687	2,974,405	1,787,590
Product development	753,931	273,512	1,480,776	558,206
Sales and marketing	652,442	370,795	1,341,440	690,282
General and administrative	2,214,070	1,490,838	4,510,922	3,856,226
Restructuring and settlement costs	5,592	458,877	79,193	588,106
Depreciation and amortization	994,318	872,693	1,959,609	1,716,476
Total cost and operating expenses	6,400,235	4,412,402	12,346,345	9,196,886
(LOSS) FROM OPERATIONS	(397,055)	(1,173,227)	(2,230,595)	(3,162,768)
OTHER INCOME/ (EXPENSE)				
Interest income	43,193	54,900	85,865	94,036
Interest expense	(99,708)	(406,041)	(163,467)	(923,184)
Interest expense related to debt discount and conversion feature	(30,272)	(293,362)	(59,838)	(1,342,598)
Changes in derivative liabilities	1,597,647	-	1,283,914	1,920,881
Gain on Extinguishment of Debt	-	-	-	463,345
Other income	567,710	433,658	637,255	470,476
Amortization of deferred financing costs	(6,209)	(26,510)	(12,351)	(222,623)
Total other income/ (expense)	2,072,361	(237,355)	1,771,378	460,333
INCOME/ (LOSS) BEFORE PROVISION FOR INCOME TAXES	1,675,306	(1,410,582)	(459,217)	(2,702,435)
Provision/ (benefit) for income taxes	18,842	(67,782)	18,424	(66,495)
NET INCOME/ (LOSS)	1,656,464	(1,342,800)	(477,641)	(2,635,940)
OTHER COMPREHENSIVE INCOME / (LOSS)				
Foreign currency translation (loss) /income	(79,137)	16,169	25,266	(10,651)
COMPREHENSIVE INCOME/ (LOSS)	$ 1,577,327	$ (1,326,631)	$ (452,375)	$ (2,646,591)
Net income/ (loss) per common share and equivalents - basic	$ 0.03	$ (0.10)	$ (0.01)	$ (0.24)
Net income/ (loss) per common share and equivalents - diluted	$ 0.03	$ (0.10)	$ (0.01)	$ (0.24)
Weighted average shares outstanding during the period – basic	53,348,376	12,910,929	51,714,482	11,132,580
Weighted average shares outstanding during the period – diluted	64,741,232	12,910,929	51,714,482	11,132,580

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

PARETEUM CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the six months ended June 30, 2018	June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (477,641)	$ (2,635,940)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation and amortization	1,959,609	1,716,476
Provision for doubtful accounts	-	6,378
Stock based compensation	1,771,580	1,123,293
Change in fair value of warrant liability	(1,283,914)	(1,920,881)
Amortization of deferred financing costs	12,351	222,623
Interest expense relating to debt discount and conversion feature	59,838	1,342,598
Unrealized foreign currency transaction loss	-	(470,476)
Payables settled by issuance of shares	86,778	473,692
(Gain) on Extinguishment of Debt	-	(463,345)
Changes in operating assets and liabilities:		
(Increase) / Decrease in accounts receivable	(1,851,046)	359,013
(Increase) / Decrease in prepaid expenses, deposits and other assets	(351,046)	444,262
Increase in accounts payable and customer deposits	606,393	466,013
Increase / (Decrease) in Net billings in excess of revenues and deferred revenue	22,627	(412,929)
(Decrease) in accrued expenses and other payables	(1,508,005)	(1,061,893)
Net cash (used in) operating activities	(952,476)	(811,116)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment, and capitalized software	(1,877,477)	(332,630)
Net cash (used in) investing activities	(1,877,477)	(332,630)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Exercise of warrants and options	3,070,110	-
Repayments on other long term loans	(32,682)	-
Financing related fees	(653,000)	(364,941)
Gross Proceeds from public offering	6,100,000	3,500,000
Principal repayment Senior Secured Loan	-	(1,750,000)
Net cash provided by financing activities	8,484,428	1,385,059
EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	42,185	(294,918)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	5,696,660	(53,605)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF THE PERIOD	13,737,675	1,495,207
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF THE PERIOD	$ 19,434,335	$ 1,441,602
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash received/ (paid) during the period for interest	$ 43,193	$ (336,193)
Cash paid during the period for taxes	-	895
NON-CASH FINANCING ACTIVITIES:		
Conversion of notes including accelerated amortization into common shares	-	801,549
Conversions of convertible notes	1,911,380	774,424
Amendment to warrants and convertible notes into common shares	313,733	2,344,948

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

Note 1. Financial Condition

As reflected in the accompanying consolidated financial statements, Pareteum Corporation ("Pareteum," the "Company," "we," "us," or "our") (NYSE American: TEUM) reported a comprehensive loss of $452,375 for the six month period ended June 30, 2018 and had an accumulated deficit of $300,020,851 as of June 30, 2018.

The Company's financial statements through June 30, 2018 were materially impacted by several warrant exercises.

Warrant Exercises

From January 1, 2018 through June 30, 2018, 7,403,536 warrants were exercised on a cash and a cashless basis pursuant to which 5,914,270 shares of common stock were issued and a gross total of $3,070,110 was received by the Company.

Public Offering

On May 9, 2018, the Company entered into a securities purchase agreement with select accredited investors relating to a registered direct offering, issuance and sale of an aggregate of 2,440,000 shares of the Company's common stock, $0.00001 par value per share, at a purchase price of $2.50 per share.

The Shares are being issued pursuant to the Company's previously filed and effective Registration Statement on Form S-3 that was filed with the Securities and Exchange Commission on September 9, 2016, as amended October 21, 2016 and November 10, 2016, and declared effective November 14, 2016 (File No. 333-213575). The Company will file a prospectus supplement related to the registered direct offering dated May 9, 2018.

The gross proceeds to the Company from the Offering, before deducting the Company's estimated offering expenses, are expected to be approximately $6,100,000. Proceeds from the Offering shall be used for working capital and general corporate purposes.

Dawson James Securities, Inc. acted as placement agent on a best-efforts basis in connection with the Offering, pursuant to a placement agency agreement that was entered into on May 9, 2018.

Acquisitions

On July 31, 2018, the Company filed a prospectus, following the filing of a registration statement on Form S-3, announcing the resale of an aggregate of 7,151,146 shares of common stock, par value $0.00001 per share, issuable upon the exercise of warrants issued to investors in a private placement offering conducted by the Company and closed on December 5, 2017. On July 25, 2018, the last reported sale price of the Company's common stock on the New York Stock Exchange was $2.93 per share. The selling stockholders may offer all or part of the shares for resale from time to time through public or private transactions, at either prevailing market prices or at privately negotiated prices. The Company has paid all of the registration expenses incurred in connection with the registration of the shares, but the Company will not pay any of the selling commissions, brokerage fees or related expenses.

On August 3, 2018, the Company filed a DEFM14A (the "Proxy Statement"), announcing the proposed acquisition of Artilium plc, a public limited company registered in England and Wales ("Artilium"). In connection with the proposed acquisition, Artilium shareholders would be entitled to receive, for each Artilium ordinary share held by such shareholders, 1.9 pence in cash and 0.1016 new shares of the Company's common stock, resulting in the issuance of an aggregate of approximately 37,852,076 new shares of the Company's common stock. Following the transaction, Artilium shareholders will own approximately 35.14% of the Company's fully diluted common stock and the Company would acquire the entire issued and to be issued ordinary shares of Artilium.

Further, under the Proxy Statement, the Company announced its proposed 2018 Long-Term Incentive Compensation Plan, including the reservation of eight million (8,000,000) shares of common stock with a 15% annual increase to the total number of reserved shares thereunder.

Note 2. Description of Business, Basis of Presentation and Use of Estimates

Business overview

Pareteum has developed a Communications Cloud Services Platform, providing (i) Mobility, (ii) Messaging and (iii) Security services and applications, with a Single-Sign-On, API and software development suite. The Pareteum platform hosts integrated IT/Back Office and Core Network functionality for mobile network operators, and for enterprises implement and leverage mobile communications solutions on a fully outsourced SaaS, PaaS and/or IaaS basis: made available either as an on-premise solution or as a fully hosted service in the Cloud depending on the needs of our customers. Pareteum also delivers an Operational Support System ("OSS") for channel partners, with Application Program Interfaces ("APIs") for integration with third party systems, workflows for complex application orchestration, customer support with branded portals and plug-ins for a multitude of other applications. These features facilitate and improve the ability of our channel partners to provide support and to drive sales.

Basis of Presentation of Interim Periods

The interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP, for interim financial information and with the instructions to Securities and Exchange Commission, or SEC, Form 10-Q and Article 10 of SEC Regulation S-X. They do not include all the information and footnotes required by GAAP for complete financial statements. Therefore, these financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2017, included in our 2017 Annual Report on Form 10-K filed with the SEC on March 30, 2018, referred to as our 2017 Annual Report.

The interim condensed consolidated financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly our results of operations and financial position for the interim periods. The results of operations for the three and six months ended June 30, 2018 are not necessarily indicative of the results to be expected for future quarters or the full year.

For a complete summary of our significant accounting policies, please refer to Note 1, "Business and Summary of Significant Accounting Policies," of our 2017 Annual Report. There have been no material changes to our significant accounting policies during the six months ended June 30, 2018.

Use of Estimates

The preparation of the accompanying consolidated financial statements conforms with accounting principles generally accepted in the U.S. and requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Significant areas of estimates include revenue recognition, intangible assets, bad debt allowance, valuation of financial instruments, useful lives of long lived assets and share-based compensation. Actual results may differ from these estimates under different assumptions or conditions.

Reclassification

Certain reclassifications have been made to the Company's consolidated financial statements for the prior years to conform to the current year presentation. Such reclassifications had no impact on net income/ (loss) or net cash flows.

Recently Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (Topic 606) "Revenue from Contracts with Customers." Topic 606 supersedes the revenue recognition requirements in Topic 605 "Revenue Recognition" (Topic 605), and requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. We adopted Topic 606 as of January 1, 2018 using the modified retrospective transition method. See Note 9 for further details.

Note 3. Supplemental Financial Information

The following tables present details of our condensed consolidated financial statements:

Prepaid expenses and other current assets	**June 30, 2018**	**December 31, 2017**
Prepaid Expenses - Other	$ 569,761	$ 576,277
Prepaid Expenses - Professional Services	230,816	-
VAT	374,040	324,092
	$ 1,174,617	$ 900,369

Property and equipment	**June 30, 2018**	**December 31, 2017**
Furniture and fixtures	$ 139,857	$ 139,857
Computer, communications and network equipment	17,110,130	17,020,421
Software	4,039,554	2,899,794
Automobiles	10,744	10,744
Software development	619,566	398,654
Acc. Depreciation Property & Equipment	(17,239,845)	(15,755,760)
	$ 4,680,006	$ 4,713,710

Accrued expenses and other payables	**June 30, 2018**	**December 31, 2017**
Accrued selling, general and administrative expenses	$ 1,842,921	$ 3,463,800
Accrued cost of service	545,389	413,942
Accrued taxes (including VAT)	804,417	877,366
Accrued interest payable	183,821	96,801
Other accrued expenses	321,283	398,221
	$ 3,697,831	$ 5,250,130

	Outstanding June 30, 2018	*Closing(s) during 2018*	*Regular Amortizations (during 2018)*	*Conversions (during 2018) including accelerated amortization*	*December 31, 2017*
9% Unsecured Convertible Note (Private Offering Q4- 2015 – Q1-2016	$ (134,013)	$ -	$ (30,038)	$ -	$ (103,975)
9% Saffelberg Note (Unsecured Convertible)	(622,023)	-	(42,151)	-	(579,873)
	$ (756,036)	$ -	$ (72,189)	$ -	$ (683,848)

On June 29, 2018, the Company amended the Saffelberg Investments N.V. ("Saffelberg") convertible note dated August 18, 2016 with principal of $723,900 removing Sections 4(d)(iii) and (iv) and amended the August 18, 2016 Warrant removing Sections 2(c) and (d). These changes removed the elements that generated the derivative liabilities and related expense from the convertible note and warrant.

On June 29, 2018, the Company entered into a term sheet with Saffelberg agreeing to (i) pay the balance and interest of the September 7, 2017 repayment agreement in the amount of $262,735 on July 11, 2018, (ii) convert at $2.37 per share on July 11, 2018 the August 18, 2016 $723,900 convertible note and accrued interest into 387,913 common shares, (iii) adjust the price of the 96,250 warrants to $2.37 on July 11, 2018 and (iv) register converted 387,913 common shares, the 96,250 warrant and other shares held by Saffelberg in the next registration statement.

Fair Market Value Warrants & Conversion Feature	**FMV as of June 30, 2018**	**Additional closings during 2018**	**Agreement Amendments/ Conversions/ FX effect**	**Mark to market adjustment Ytd-2018**	**FMV as of December 31, 2017**
9% Saffelberg Note (Unsecured Convertible)	$ -	$ -	$ (1,706,484)	$ 279,581	$ 1,426,903
FMV Conversion Feature	**$ -**	**$ -**	**$ (1,706,484)**	**$ 279,581**	**$ 1,426,903**
9% Convertible Note Warrants - Saffelberg	$ -	$ -	$ (204,896)	$ 34,152	$ 170,744
FMV Warrant Liabilities	**$ -**	**$ -**	**$ (204,896)**	**$ 34,152**	**$ 170,744**
Total	**$ -**	**$ -**	**$ (1,911,380)**	**$ 313,733**	**$ 1,597,647**

Outstanding numbers of Dilutive Derivatives

The outstanding number of derivatives developed as per below movement schedule for the second quarter of 2018.

Number of underlying shares for Warrants & Conversion Features	Outstanding June 30, 2018	Agreement Amendments / Interest effects	Exercises / Conversions / Expirations	Outstanding December 31, 2017
9% Convertible Note - Investors	61,556	527	-	61,029
9% Convertible Note - Saffelberg	387,913	(472,030)	-	859,943
Outstanding Conversion Features	**449,469**	**(471,503)**	**-**	**920,972**
13%+Eurodollar Senior Secured	-	-	(2,400,000)	2,400,000
2017 Registered Public Offering	508,970	-	(766,830)	1,275,800
Investor Management Services	710,000	-	-	710,000
9% Convertible Note Warrants	520,373	-	-	520,373
2013 Convertible Notes	140,000	-	-	140,000
Other 9% Convertible Note Warrants	96,520	-	-	96,520
2017 Registered Public Offering Agent Warrants	110,279	-	(63,888)	174,167
9% Convertible Note 7% Agent Warrants	66,230	-	-	66,230
Oct-2017 Shelf take Down Agent Warrants	843	74,750	(73,907)	-
Nov-2017 Underwriter Agreement Investor Warrants	168,819	-	(2,669,677)	2,838,496
Nov-2017 Underwriter Agreement Agent Warrants	982,744	-	(652,174)	1,634,918
Dec-2017 SPA Investor Warrants	6,374,086	-	(777,060)	7,151,146
Dec-2017 SPA Agent warrants	357,557	-	-	357,557
May-2018 Public Offering Agent Warrants	122,000	122,000	-	-
Preferred Share Conversion Warrants	731,798	-	-	731,798
Preferred Share issuance 8% Agent Warrants	38,827	-	-	38,827
Outstanding Warrants	**10,929,046**	**196,750**	**(7,403,536)**	**18,135,832**
Total	**11,378,515**	**(274,753)**	**(7,403,536)**	**19,056,804**

Note 4. Fair Value Measurements

In accordance with Accounting Standards Update 820, Fair Value Measurement ("ASC 820"), the Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these financial instruments includes cash instruments for which quoted prices are available but are traded less frequently, derivative instruments whose fair values have been derived using a model where inputs to the model are directly observable in the market and instruments that are fair valued using other financial instruments, the parameters of which can be directly observed.

Level 3 – Instruments that have little to no pricing observability as of the reported date. These financial instruments are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

The remaining derivative liabilities were transferred out of level 3 during the six months ended June 30, 2018.

The degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

The Company used the Monte Carlo valuation model to determine the value of the outstanding warrants and conversion feature from the "Offering". Since the Monte Carlo valuation model requires special software and expertise to model the assumptions to be used, the Company hired a third party valuation expert.

Note 5. Stockholders' Equity

(A) Common Stock

The Company is presently authorized to issue 500,000,000 shares common stock. The Company had 55,656,115 shares of common stock issued and outstanding as of June 30, 2018, an increase of 9,039,022 shares from December 31, 2017, due to warrant exercises (5,914,270), equity fund raises (2,453,400), non-cash compensation for board and management (502,970), advisors (123,553) and settlement of debt (44,829).

(B) Warrants

Throughout the years, the Company has issued warrants with varying terms and conditions related to multiple financing rounds, acquisitions and other transactions. The number of warrants outstanding at June 30, 2018 (unaudited) and December 31, 2017 have been recorded and classified as equity is 10,929,046 and 18,039,312 respectively. As of June 30, 2018 and December 31, 2017, the Company has recorded zero and $96,520 respectively, in the balance sheet for the liability warrants issued in connection with the various offerings in the previous and current year. The Company successfully renegotiated the terms of the related 'liability warrants' and such amended terms resulted in the elimination of the derivative conditions. The Weighted Average Exercise Price for the currently outstanding warrants in the table below is $1.71. The table below summarizes the warrants outstanding as of June 30, 2018 and as of December 31, 2017:

Outstanding Warrants	Exercise/ Conversion price(s) (range)	Expiring	June 30, 2018	December 31, 2017
Equity Warrants - Fundraising	$1.05 - $5.375	2018 - 2023	10,929,046	18,039,312
Liability Warrants - Fundraising	NA	2021	-	96,520
			10,929,046	18,135,832

Note 6. Amended and Restated 2008 Long Term Incentive Compensation Plan and 2017 Long-Term Incentive Compensation Plan

Amended and Restated 2008 Long-Term Incentive Compensation Plan ("2008 Plan")

Total Authorized under the plan	2,240,000
Shares issued in prior years	1,074,824
Outstanding options	251,266
Available for grant at June 30, 2018 (Registered and Unregistered)	913,910

During the second quarter of 2018, no shares were issued or options granted under the 2008 Plan.

Stock option activity is set forth below for the 2008 Plan:

Options:	Number of Options		Weighted Average Exercise Price
Outstanding as of December 31, 2017	1,128,384	$	9.40
Cancelled January 1, 2018	(786,697)	$	6.33
Forfeitures (Pre-vesting)	(175)	$	3.07
Expirations (Post-vesting)	(90,246)	$	25.60
Outstanding as of June 30, 2018	251,266	$	13.18

At June 30, 2018, due to all unvested options being canceled as part of reorganization, the unrecognized expense portion of stock-based awards granted to employees under the 2008 Plan was $0, compared to $843,467 for the same period in 2017.

2017 Long-Term Incentive Compensation Plan ("2017 Plan")

Total Authorized under the plan (Shareholders)	6,500,000
Total Registered under the plan (S-8 dated June 14, 2017 and April 13, 2018)	6,500,000
Shares issued under the plan	2,071,417
Reserved for Time-conditioned share awards	1,102,086
Reserved for outstanding Options	3,251,000
Available for grant at June 30, 2018 (Registered & Unregistered)	75,497

During the second quarter of 2018, 1,419,000 shares were issued or options granted under the 2017 Plan.

Stock option activity is set forth below for the 2017 Plan:

Options:	Number of Options		Weighted Average Exercise Price
Outstanding as of December 31, 2017	1,899,800	$	1.00
Granted in 2018	1,419,000	$	2.49
Forfeitures (Pre-vesting)	(67,800)	$	1.00
Expirations (Post-vesting)	-	$	NA
Outstanding as of June 30, 2018	3,251,000	$	1.65

At June 30, 2017 and 2018, the unrecognized expense portion of stock-based awards granted to employees under the 2017 Plan was $0 and $3,248,852, respectively.

Under the provisions of ASC 718, expensing takes place proportionally to the vesting associated with each stock-award, adjusted for cancellations, forfeitures and returns. If there are any modifications or cancellations of the underlying unvested awards, we may be required to accelerate, increase or cancel any remaining unearned stock-based compensation expense.

Note 7. Income taxes

Income Taxes

The following table presents details of the net provision (benefit) for income taxes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net Provision for income taxes	18,842	(67,782)	18,424	(66,495)

As a result of our cumulative tax losses in the U.S. and certain foreign jurisdictions, and the full utilization of our loss carryback opportunities, we have concluded that a full valuation allowance should be recorded in such jurisdictions. In certain other foreign jurisdictions where we do not have cumulative losses, we had net deferred tax liabilities based upon an expected annual tax rate.

Note 8. Significant Customer and Geographical Information

Sales to our significant customers, as a percentage of net revenue were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Two largest customers	75.0%	96.5%	79.3%	95.7%

The geographical distribution of our revenue, as a percentage of revenue, was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Europe	59.4%	90.2%	67.8%	93.4%
All other (non-European) countries	40.6%	9.8%	32.2%	6.6%
	100%	100%	100%	100%

Note 9. Revenues

Adoption of ASC Topic 606, "Revenue from Contracts with Customers"

On January 1, 2018, we adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under Topic 605.

We recorded a net increase to opening retained earnings of $107,520 as of January 1, 2018 due to the cumulative impact of adopting Topic 606, with the impact primarily related to our installation revenues that were previously deferred for which the performance obligation was determined to be complete as of the date of adoption. The impact to revenues to be recognized for the six months ended June 30, 2018 was a decrease of $107,520 as a result of applying Topic 606, relating to the aforementioned installation revenues and an increase to the accumulated deficit.

The impact to previously reported net billings in excess of revenue as a result of ASC Topic 606 is as follows:

	As of December 31, 2017	
	Reported	Adjusted
Net billings in excess of revenue	$ 242,986	$ 135,466
Total revenues	$ 13,547,507	$ 13,547,507

Revenue Recognition

Our revenues represent amounts earned for our mobile and security solutions. Our solutions take many forms but our revenue generally consists of fixed and/or variable charges for services delivered monthly under a combined services and SaaS model. We also offer discrete (one-time) services for implementation and for development of specific functionality to properly service our customers.

The following table presents our revenues disaggregated by revenue source:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017 (1)
Monthly Service	$ 4,277,289	$ 3,003,786	$ 7,772,831	$ 5,641,620
Installation and Software Development	1,725,891	235,389	2,342,919	392,498
Total revenues	$ 6,003,180	$ 3,239,175	$ 10,115,750	$ 6,034,118

(1) As noted above, prior period amounts have not been adjusted under the modified retrospective method.

Monthly services revenues are recognized at a point in time and amounted to $7,772,831 for the period ended June 30, 2018. Installation and software development revenues are recognized over time and amounted to $2,342,919 for the period ended June 30, 2018.

The following table presents our revenues disaggregated by geography, based on the billing addresses of our customers

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017 (1)
Europe	$ 3,563,089	$ 2,928,429	$ 7,772,831	$ 5,641,620
Other geographic areas	2,440,091	310,746	2,342,919	392,498
Total revenues	$ 6,003,180	$ 3,239,175	$ 10,115,750	$ 6,034,118

(1) As noted above, prior period amounts have not been adjusted under the modified retrospective method.

Monthly Service Revenues

The Company's performance obligations in a monthly SaaS and service offerings are simultaneously received and consumed by the customer and therefore, are recognized over time. For recognition purposes, we do not unbundle such services into separate performance obligations. The Company typically bills its customer at the end of each month, with payment to be received shortly thereafter. The fees charged may include a combination of fixed and variable charges with the variable charges tied to the number of subscribers or some other measure of volume. Although the consideration may be variable, the volumes are easily estimable at the time of billing, with "true-up" adjustments occurring in the subsequent month. As such adjustments have not historically been material, no amounts of variable consideration are subject to constraint.

Installation and Software Development Revenues

The Company's other revenues consist generally of installation and development projects.

Installation represents the activities necessary for a customer to obtain access and connectivity to the Company's monthly SaaS and service offerings. While installation may require separate phases, it represents one promise within the context of the contract.

Development consists of programming and other services to add new, additional or customized functionality to a customer's existing service offerings. Each development activity is typically its own performance obligation.

Revenue is recognized over time if the installation and development activities create an asset that has no alternative use for which the Company is entitled to receive payment for performance completed to date. If not, then revenue is not recognized until the applicable performance obligation is satisfied.

Arrangements with Multiple Performance Obligations

The Company's contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on the prices charged to customers.

Net Billings in Excess of Revenues

The Company records net billings in excess of revenues when payments are made or due in advance of our performance, including amounts which are refundable. The increase in net billings in excess of revenues of $15,918 for the six months ended June 30, 2018 is primarily driven by an increase in invoices due in advance of satisfying our performance obligations which was $258,904 as of June 30, 2018 compared to $242,986 for December 31, 2017.

Payment terms vary by the type and location of our customer and the products or services offered. The term between invoicing and when payment is due is not significant. For certain products or services and customer types, payment is required before the products or services are delivered to the customer.

Contract Assets

Given the nature of the Company's services and contracts, it has no contract assets.

Note 10. Subsequent Events

On July 31, 2018, the Company filed a prospectus, following the filing of a registration statement on Form S-3, announcing the resale of an aggregate of 7,151,146 shares of common stock, par value $0.00001 per share, issuable upon the exercise of warrants issued to investors in a private placement offering conducted by the Company and closed on December 5, 2017. On July 25, 2018, the last reported sale price of the Company's common stock on the New York Stock Exchange was $2.93 per share. The selling stockholders may offer all or part of the shares for resale from time to time through public or private transactions, at either prevailing market prices or at privately negotiated prices. The Company has paid all of the registration expenses incurred in connection with the registration of the shares, but the Company will not pay any of the selling commissions, brokerage fees or related expenses.

On August 3, 2018, the Company filed a DEFM14A (the "Proxy Statement"), announcing the proposed acquisition of Artilium plc, a public limited company registered in England and Wales ("Artilium"). In connection with the proposed acquisition, Artilium shareholders would be entitled to receive, for each Artilium ordinary share held by such shareholders, 1.9 pence in cash and 0.1016 new shares of the Company's common stock, resulting in the issuance of an aggregate of approximately 37,852,076 new shares of the Company's common stock. Following the transaction, Artilium shareholders will own approximately 35.14% of the Company's fully diluted common stock and the Company would acquire the entire issued and to be issued ordinary shares of Artilium.

Further, under the Proxy Statement, the Company announced its proposed 2018 Long-Term Incentive Compensation Plan, including the reservation of eight million (8,000,000) shares of common stock with a 15% annual increase to the total number of reserved shares thereunder.

On August 6, 2018, the Company entered into an Increased Independent Director Duties & Fee Proposal Agreement (the "Agreement") between the Company and Mr. Yves van Sante, an independent director of the Company. The Agreement provides for certain compensation to be paid to Mr. van Sante, including the following: $105,000 to be paid to Mr. van Sante in consideration of his current duties and annual remuneration; $75,000 to be paid to Mr. van Sante in consideration of his performance of additional duties relating to Pareteum's forecasted future global operations in Asia and Europe; and $120,000 to be paid to Mr. van Sante as a one-off extraordinary service bonus award in consideration of extraordinary service to the Company during 2017 and 2018.

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

<u>Forward-Looking Statements</u>

Any forward looking statements made herein are based on current expectations of the Company, involve a number of risks and uncertainties and should not be considered as guarantees of future performance. The factors that could cause actual results to differ materially include: interruptions or cancellation of existing contracts, inability to integrate acquisitions, impact of competitive products and pricing, product demand and market acceptance risks, the presence of competitors with greater financial resources than the Company, product development and commercialization risks, changes in governmental regulations, and changing economic conditions in developing countries and an inability to arrange additional debt or equity financing.

Overview

Pareteum is an award-winning global Cloud Communications Platform company with a mission: "to connect every person and every thing".™ Customers use Pareteum's award-winning Communications-Platform-as-a-Service (CPaaS) and software solutions to to energize their growth and profitability through cloud communication services and complete turnkey solutions featuring relevant content, applications, and connectivity worldwide. We provide a single software solution, fully enabling and securing cloud communications, connections and transactions, regardless of users' location or network. With estimates of up to 30 billion devices to be managed, connected and intelligently leveraged, there are numerous large addressable markets for our Communications-Platform-as-a-Service (CPaaS) solutions.

Pareteum's customers include Enterprises of all sizes, Communication Service Providers (CSPs), Internet of Things (IoT) and other software and application developers, manufacturers and brand-marketing companies. These customers use Pareteum to energize their growth and profitability through cloud-based communication services featuring relevant content, applications, and connectivity worldwide.

Our proprietary and patent-protected software enablement platforms are connected to 53 international mobile networks in 76 countries using multiple different communications protocols including IP, mobile telephony, data, SMS, VOIP, OTT services. We support 64+ million Wi-Fi hotspots in 180+ countries through our strategic alliance with iPass. We also have over 1,200 GSMA and CDMA connectivity interconnect relationships - and counting! Pareteum integrates all these disparate software enablement methods and services and brings them to life for customers and application developers, allowing communications to become value-added, using simple Application Program Interfaces (APIs). It is our strategy to enable open mobility, applications, software and developer exchange through our APIs. Our API toolkits allow customers and developers to connect to previously hard to access networks and communications services. In other words, Pareteum's software enablement solutions remove the commercial and technical barriers to all forms of connectivity allowing our customers to create new and interesting solutions and revenue opportunities all over the world. The simplicity of our "SuperAPI" allows our customers and developers to iterate, test and refine new ideas and business cases on our Customer Success Platform. Our strategy involves supporting "any device… any network… anytime" and for our customers a key advantage is to "pay as you go @ The Speed of Need", leveraging the advantages of scale and elasticity of cloud-computing, for communications and connectivity. This represents a major strategic shift for many industries, from telecommunications providers to the disruptive software and big data enterprises of today and the future.

Our software enablement solutions have proven themselves globally against much larger competitors and are deployed in multiple companies in diverse countries around the world ranging from small service providers to one of the world's largest telecoms companies, Vodafone. We had more than 2.7 million active connections on our platforms as of June 30, 2018. We expect this number to grow rapidly through our own aggressive sales growth, as well as through our acquisition strategy, which includes the planned close of our acquisition of Artilium plc later this year.

The vast majority of our global Cloud Communications Platform is comprised of our self-developed software and services, which provide our customers with a great deal of flexibility in how they use our products now and in the future and allows us to be market-driven in our future. Our customers are able, with Pareteum, to deliver award winning mobile enablement without heavy capex investment in proprietary mobile or telecom infrastructure. Our software and services partners (technologies integrated into our cloud) include solutions from HPE, IBM, Sonus, Oracle, Microsoft, NetNumber, Affirmed, iPass and Artilium and other world class technology providers.

Our integrated communications and software enablement solutions increasingly leverage the latest developments in deep neural networks (DNN), predictive analytics and machine-learning (ML) and artificial intelligence (AI) and we see this trend growing and are competing aggressively to bring the maximum commercial value from these techniques. All this is complemented through enabling a new set of features such as distributed ledger (blockchain) functionality and cashless settlements through cryptocurrencies – in all cases, positioning our customers' business ahead of market disruption and growth.

The Pareteum Cloud Communications Platform and software increasingly also targets new and growing sectors from IoT (Internet of Things), Data Analytics, Smart Cities, and Application-developer markets - each in need of mobile platforms, management and connectivity. These sectors need Communications-as-a-Service (CaaS), which Pareteum delivers. Our solutions have received industry acclaim.

Pareteum is a mission focused company empowering every person and every “thing” to be globally connected, applying our philosophy of ANY DEVICE, ANY NETWORK, ANYWHERE™.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and notes thereto and the other financial information included elsewhere in this report.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles, or GAAP, requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses in the reporting period. We regularly evaluate our estimates and assumptions related to revenue recognition, rebates, allowances for doubtful accounts, sales returns and allowances, warranty reserves, inventory reserves, stock-based compensation expense, long-lived asset valuations, strategic investments, deferred income tax asset valuation allowances, uncertain tax positions, tax contingencies, self-insurance, restructuring costs, litigation and other loss contingencies. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. The actual results experienced by us may differ materially and adversely from our estimates. To the extent there are material differences between our estimates and the actual results, our future results of operations will be affected. For a description of our critical accounting policies and estimates, please refer to the "Critical Accounting Policies and Estimates" section in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2017 Annual Report. There have been no material changes in any of our critical accounting policies and estimates during the six months ended June 30, 2018.

Comparison of three months ended June 30, 2018 and June 30, 2017.

Revenue

Revenue for the three months ended June 30, 2018, was $6,003,180, a $2,764,005 or 85% increase compared to $3,239,175 for the comparable three months in 2017. Our deployments with existing customers continues to grow, new implementations are generating new revenues and new cloud based revenues were all factors in our revenue growth.

	Three months ended June 30,		
	2018	**2017**	**Variance**
Revenues	$ 6,003,180	$ 3,239,175	$ 2,764,005

Cost of Service

Cost of service includes origination, termination, network and billing charges from telecommunications operators, costs of telecommunications service providers, network costs, data center costs, facility cost of hosting network and equipment and cost in providing resale arrangements with long distance service providers, cost of leasing transmission facilities, international gateway switches for voice, data transmission services, and the cost of professional services of staff directly related to the generation of revenues, consisting primarily of employee-related costs associated with these services, including share-based compensation and the cost of subcontractors. Cost of service excludes depreciation and amortization.

	Three months ended June 30,		
	2018	**2017**	**Variance**
Revenues	$ 6,003,180	$ 3,239,175	$ 2,764,005
Cost of service (excluding depreciation and amortization)	1,779,882	945,687	834,195
Margin (excluding depreciation and amortization)	$ 4,223,298	$ 2,293,488	$ 1,929,810

Cost of service for the three-month period ended June 30, 2018 was $1,779,882, an increase of $834,195 or 88%, compared to $945,687 for the three-month period in 2017. This 88% increase in cost of service is in line with our 85% increase in revenue, as margins and additional costs associated from implementations for new clients have stayed relatively constant.

Product Development

Product Development costs consist primarily of salaries and related expenses, including share-based expenses, of employees involved in the development of the Company's services, which are expensed as incurred. Costs such as database architecture, and Pareteum business operating system network and intelligent network platform development and testing are included in this function.

Product development costs for the three-month periods ended June 30, 2018 and 2017 were $753,931 and $273,512, respectively, an increase of $480,419 or 176%. The increase is due to the overall expansion of our lines of business year over year.

Sales and Marketing

Sales and Marketing expenses consist primarily of salaries and related expenses, including share-based expenses, for our sales and marketing staff, including commissions, payments to partners and marketing programs. Marketing programs consist of advertising, events, corporate communications and brand building.

Sales and marketing expenses for the three-month periods ended June 30, 2018 and 2017 were $652,442 and $370,795 respectively, an increase of $281,647 or 76%. This increase is a direct result of hiring new employees and allocating resources to growing our business.

General and Administrative

General and administrative expenses are our largest cost and consist primarily of overhead related salaries and expenses, including share-based compensation, for non-employee directors, finance and accounting, legal, internal audit and human resources personnel, legal costs, professional fees and other corporate expenses.

General and administrative expenses for the three-month period ended June 30, 2018 and 2017 were $2,214,070 and $1,490,838, respectively, an increase of $723,232 or 49%. This increase is primarily the results of increased travel, legal, accounting, and marketing costs.

Restructuring charges

Restructuring charges for the three months ended June 30, 2018 and 2017 were $5,592 and $458,877, a decrease of $453,285 or 99%, as a result of most restructuring activities being completed in 2017.

Share-based compensation

Share-based compensation is comprised of:

- the expensing of the options granted under the 2008 and 2017 Plan to staff and management;
- the expensing of the shares issued under the 2008 and 2017 Plans to contractors, directors and executive officers in lieu of cash compensation; and
- the expensing of restricted shares issued for consultancy services.

For the three-month period ended June 30, 2018 and 2017, we recognized share-based compensation expense of $693,955 and $305,007, respectively, an increase of $388,948 or 128%. Insignificant adjustments were made in the three-month period ending June 30, 2018 relating to the forfeiture of certain options that were conformed with amounts previously recognized in 2018.

In the following table, we show the allocation of share-based compensation according to functions in the Consolidated Statement of Comprehensive Loss:

	Three months ended June 30,	
	2018	**2017**
Cost of service (excluding depreciation and amortization)	$ (13,122)	$ (3,436)
Product Development	(25,845)	803
Sales and Marketing	(39,430)	28,848
General and Administrative	772,352	278,792
Restructuring	-	-
Total	$ 693,955	$ 305,007

Depreciation and Amortization

Depreciation and amortization expenses for the three-month period ended June 30, 2018 was $994,318, an increase of $121,625 or 14%, compared to $872,693 for the three-month period ended June 30, 2017. This was due to an increase in amortization of software development which was $227,102 for the current period.

Interest Income and Expense

Interest income for the three-month periods ended June 30, 2018 and 2017, was $43,193 and $54,900, respectively, a decrease of $11,707 or 21%. Interest income mainly consists of interest accrued for the $1.0 million promissory note by ValidSoft held by the Company and interest charged to customers for extended payment terms.

Interest expense for the three-month periods ended June 30, 2018 and 2017, was $99,708 and $406,041, respectively, a decrease of $306,333 or 75%. Interest expense decreased mainly as the result of paying off all Senior Secured Debt during December of 2017.

Interest Expense Related to Debt Discount Accretion

For the three months ended June 30, 2018 and 2017, interest expenses related to debt discount accretion were $30,272 and $293,362, respectively a decrease of $263,090 or 90%. This decrease is mainly the result of paying off all Senior Secured Debt during December of 2017.

Amortization of Deferred Financing Costs

Amortization of Deferred Financing Costs for the three-month periods ended June 30, 2018 and 2017 was $6,209 and $26,510, respectively, a decrease of $20,301 or 77%. This decrease is mainly the result of paying off all Senior Secured Debt during December of 2017.

Changes in derivative liabilities

Changes in derivative liabilities for the three-month period ended June 30, 2018 was a gain of $1,597,647, an increase of $1,597,647, compared to $-0- for the same period in 2017. This is due to renegotiated terms and removal of the remaining outstanding derivative liability elements, the Company accounted for any effects of the amended terms through the profit and loss account for the changes in the fair value of the occurring this year and the remainder of the fair market value of the amendment on previous year derivative liability balance through equity.

The fair market value of the more complex conversion feature and warrant liability was determined by a third-party valuation expert using a Monte-Carlo Simulation model.

Other Income, net

Other income for the three-month periods ended June 30, 2018 and 2017 were $567,710 and $433,658, respectively, an increase of $134,052 or 31%. This represents the unrealized exchange rate gains and an adjustment to liabilities that are no longer deemed obligations.

(Benefit) Provision Income taxes

Income tax provision for the three-month period ended June 30, 2018 was $18,842, compared to an income tax benefit of $67,782 for the same period in 2017. The tax provision was calculated based upon an expected annual tax rate.

Net Income

Net income for the three-month period ended June 30, 2018, was $1,656,464, an increase of $2,999,264 or 223%, compared to the loss of $1,342,800 for the same period in 2017. The increase in Net Income was primarily due to an increase in revenues of $2,764,005, decrease of interest and debt discount expenses for an aggregate amount of $589,724 as a result of the repayment of our senior secured loan at the end of 2017, a gain on the change in fair value in derivative liabilities for an amount of $1,597,647 and an increase of other income of $134,052.

Other Comprehensive Income (Loss)

We record foreign currency translation gains and losses as other comprehensive income or loss, which amounted to a loss of $79,137 and a gain of $16,169 for the three-month periods ended June 30, 2018 and 2017, respectively. This change is primarily attributable to the translation effect resulting from the fluctuations in the USD/Euro exchange rates.

Comparison of six months ended June 30, 2018 and June 30, 2017.

Revenue

Revenue for the six months ended June 30, 2018, was $10,115,750, a $4,081,632 or 68% increase compared to $6,034,118 for the comparable six months in 2017. Our deployments with existing customers continues to grow, new implementations are generating new revenues and new cloud based revenues were all factors in our revenue growth.

	Six months ended June 30,		
	2018	2017	Variance
Revenues	$ 10,115,750	$ 6,034,118	$ 4,081,632

Cost of Service

Cost of service includes origination, termination, network and billing charges from telecommunications operators, costs of telecommunications service providers, network costs, data center costs, facility cost of hosting network and equipment and cost in providing resale arrangements with long distance service providers, cost of leasing transmission facilities, international gateway switches for voice, data transmission services, and the cost of professional services of staff directly related to the generation of revenues, consisting primarily of employee-related costs associated with these services, including share-based compensation and the cost of subcontractors. Cost of service excludes depreciation and amortization.

	Six months ended June 30,		
	2018	2017	Variance
Revenues	$ 10,115,750	$ 6,034,118	$ 4,081,632
Cost of service (excluding depreciation and amortization)	2,974,405	1,787,590	1,186,815
Margin (excluding depreciation and amortization)	$ 7,141,345	$ 4,246,528	$ 2,894,817

Cost of service for the six-month period ended June 30, 2018 was $2,974,405, an increase of $1,186,815 or 66%, compared to $1,787,590 for the three-month period in 2017. This 66% increase in cost of service is in line with our 68% increase in revenue, as margins and additional costs associated from implementations for new clients have stayed relatively constant.

Product Development

Product Development costs consist primarily of salaries and related expenses, including share-based expenses, of employees involved in the development of the Company's services, which are expensed as incurred. Costs such as database architecture, and Pareteum business operating system network and intelligent network platform development and testing are included in this function.

Product development costs for the six-month periods ended June 30, 2018 and 2017 were $1,480,776 and $558,206, respectively, an increase of $922,570 or 165%. The increase is due to the overall expansion of our lines of business year over year.

Sales and Marketing

Sales and Marketing expenses consist primarily of salaries and related expenses, including share-based expenses, for our sales and marketing staff, including commissions, payments to partners and marketing programs. Marketing programs consist of advertising, events, corporate communications and brand building.

Sales and marketing expenses for the six-month periods ended June 30, 2018 and 2017 were $1,341,440 and $690,282 respectively, an increase of $651,158 or 94%. This increase is a direct result of hiring new employees and allocating resources to growing our business.

General and Administrative

General and administrative expenses are our largest cost and consist primarily of overhead related salaries and expenses, including share-based compensation, for non-employee directors, finance and accounting, legal, internal audit and human resources personnel, legal costs, professional fees and other corporate expenses.

General and administrative expenses for the six-month period ended June 30, 2018 and 2017 were $4,510,922 and $3,856,226, respectively, a increase of $654,696 or 17%.

Restructuring charges

Restructuring charges for the six months ended June 30, 2018 and 2017 were $79,193 and $588,106, a decrease of $508,913 or 87%, as a result of most restructuring activities being completed in 2017.

Share-based compensation

Share-based compensation is comprised of:

- the expensing of the options granted under the 2008 and 2017 Plan to staff and management;
- the expensing of the shares issued under the 2008 and 2017 Plans to contractors, directors and executive officers in lieu of cash compensation and awards; and
- the expensing of restricted shares issued for consultancy services.

For the six-month period ended June 30, 2018 and 2017, we recognized share-based compensation expense of $1,771,580 and $1,123,293, respectively, an increase of $648,287 or 58%.

In the following table, we show the allocation of share-based compensation according to functions in the Consolidated Statement of Comprehensive Loss:

	June 30, 2018	June 30, 2017
Cost of service (excluding depreciation and amortization)	$ 11,254	$ 3,821
Product Development	16,587	17,143
Sales and Marketing	88,939	66,565
General and Administrative	1,628,896	1,035,764
Restructuring	25,904	-
Total	$ 1,771,580	$ 1,123,293

Depreciation and Amortization

Depreciation and amortization expenses for the six-month period ended June 30, 2018 was $1,959,609, an increase of $243,133 or 14%, compared to $1,716,476 for the same period in 2017. This was due to amortization of software development which was $414,504 for the current period and a decrease in depreciation expense due to certain assets having been fully depreciated in a prior period.

Interest Income and Expense

Interest income for the six-month periods ended June 30, 2018 and 2017, was $85,865 and $94,036, respectively, a decrease of $8,171 or 9%. Interest income mainly consists of interest accrued for the $1.0 million promissory note by ValidSoft held by the Company and interest charged to customers for extended payment terms.

Interest expense for the six-month periods ended June 30, 2018 and 2017, was $163,467 and $923,184, respectively, a decrease of $759,717 or 82%. Interest expense decreased mainly as the result of paying off all Senior Secured Debt during December of 2017.

Interest Expense Related to Debt Discount Accretion

For the six months ended June 30, 2018 and 2017, interest expenses related to debt discount accretion were $59,838 and $1,342,598, respectively a decrease of $1,282,760 or 96%. This decrease is mainly the result of paying off all Senior Secured Debt during December of 2017.

Amortization of Deferred Financing Costs

Amortization of Deferred Financing Costs for the six-month periods ended June 30, 2018 and 2017 was $12,351 and $222,623, respectively, a decrease of $210,272 or 94%. This decrease is mainly the result of paying off all Senior Secured Debt during December of 2017.

Changes in derivative liabilities

Changes in derivative liabilities for the six-month period ended June 30, 2018 was $1,283,914, a decrease of $637,967 or 33%, compared to a change of $1,920,881 for the same period in 2017. During 2017 the change was the result of renegotiating and elimination of the derivative feature of certain outstanding warrants and convertible notes, also during 2018 we renegotiated terms of the remaining outstanding derivative liabilities, the company accounted for any effects of the amended terms through the profit and loss account for the changes in the fair value of the occurring this year and the remainder of the fair market value of the amendment on previous year derivative liability balance through equity.

Our derivative liabilities as of June 30, 2018 are $0, so no quarterly calculations will need to be made, in the past these fair market valuations for the conversion features and warrant liabilities were determined by a third-party valuation expert using a Monte-Carlo Simulation model.

Other Income, net

Other income for the six-month periods ended June 30, 2018 and 2017 were $637,255 and $470,476, respectively, an increase of $166,779 or 35%. This represents the unrealized exchange rate gains and an adjustment to liabilities for no longer deemed obligations.

(Benefit) Provision Income taxes

Income tax provision for the six-month period ended June 30, 2018 was $18,424, compared to an income tax benefit of $66,495 for the same period in 2017. The tax provision was calculated based upon an expected annual tax rate.

Net Loss

Net loss for the six-month period ended June 30, 2018, was $477,641, a decrease of $2,158,299 or 82%, compared to the loss of $2,635,940 for the same period in 2017. The decrease in net loss was primarily due to an increase in revenues of $4,081,632, a decrease of interest and debt discount expenses for an aggregate amount of $2,252,749 due to the repayment of our senior secured loan, an increase of other income of $166,779, and a change in derivative liabilities of $637,967.

Other Comprehensive Income (Loss)

We record foreign currency translation gains and losses as other comprehensive income or loss, which amounted to a gain of $25,266 and a loss of $10,651 for the six-month periods ended June 30, 2018 and 2017, respectively. This change is primarily attributable to the translation effect resulting from the fluctuations in the USD/Euro exchange rates.

Liquidity and Capital Resources

As reflected in the accompanying consolidated financial statements, the Company reported net loss of $477,641 for the period ended June 30, 2018 and had an accumulated deficit of $300,020,851 as of June 30, 2018.

The cash balance including restricted cash of the Company at June 30, 2018 was $19,434,335.

Operating activities

Net cash used in operating activities of $952,476 for the six-month period ended June 30, 2018 was due to an increase in accounts payable and customer deposits of $606,393, an increase in net billings in excess of revenues and deferred revenue of $22,627, and was partly offset by the increase in accounts receivable of $1,851,046, an increase of prepaid expenses, deposits and other assets of $351,046, and a decrease in accrued expenses and other payables of $1,508,004.

As a result of the above, cash used in operating activities was $952,476 for the six months ended June 30, 2018 compared to net cash used in operating activities of $811,116 for the six months ended June 30, 2017 for a decrease of $141,360 or 15%. This increase was due to an increase in non-cash expenses and accounts payable, and offset by an increase in accounts receivable.

Investing activities

Net cash used in investing activities for the six months ended June 30, 2018 was $1,877,477, an increase of $1,544,847, or 464% compared to $332,630 in the same period in 2017. This change was mainly the result of software purchases of $1,218,305 and capitalized software development of $635,416 in 2018.

Financing activities

Net cash provided by financing activities for the six months ended June 30, 2018 and 2017 was $8,484,428 and $1,385,059, respectively, an increase of $7,099,369 or 513%. This increase was due to an increase of short term loans, proceeds from public offerings and the absence of principal repayments on senior secured debt that was paid off in December of 2017.

Effect of exchange rates on cash and cash equivalents

Effect of exchange rates on cash and cash equivalents for the six-month period ended June 30, 2018 was a gain of $42,185, compared to a loss of $294,918 for the same period in 2017.

As a result of the above activities, for six months ended June 30, 2018, we had cash, cash equivalents and restricted cash of $19,434,335, a net increase in cash and cash equivalents of $5,696,660 since December 31, 2017.

Off- Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have either a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors, nor we have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Item 3. Quantitative and Qualitative Disclosure about Market Risks

Foreign currency exchange rate

Although the majority of our business activities are carried out in Euros, we report its financial statements in USD. The conversion of Euros and USD leads to period-to-period fluctuations in our reported USD results arising from changes in the exchange rate between the USD and the Euro. Generally, when the USD strengthens relative to the Euro, it has an unfavorable impact on our reported revenue and income and a favorable impact on our reported expenses. Conversely, when the USD weakens relative to the Euro, it produces a favorable impact on our reported revenue and income, and an unfavorable impact on our reported expenses. The above fluctuations in the USD/Euro exchange rate therefore result in currency translation effects (not to be confused with real currency exchange effects), which impact our reported USD results and may make it difficult to determine actual increases and decreases in our revenue and expenses which are attributable to our actual operating activities. We carry out our business activities primarily in Euros, and we do not currently engage in hedging activities. As the clear majority of our business activities are carried out in Euros and we report our financial statements in USD, fluctuations in foreign currencies impact the total amount of assets and liabilities that we report for our foreign subsidiaries upon the translation of those amounts in USD. We do not believe that we have currently material exposure to interest rate or other market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of June 30, 2018, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Principal Executive Officer and Principal Financial and Accounting Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on the evaluation, the Company's Principal Executive Officer and Principal Accounting Officer have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

On January 1, 2018, the Company adopted ASC Topic 606, "Revenue from Contracts with Customers" and other than this change and related update to the Company's internal controls, there have been no additional changes in the Company's internal control over financial reporting that occurred during the Company's fiscal quarter ended June 30, 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not presently engaged in any active material litigation or regulatory proceedings and no such proceedings are contemplated. Nevertheless, from time to time, the Company may be subject to legal actions and claims in the ordinary course of business. We have previously received, and may in the future continue to receive, claims from third parties asserting, among other things, infringement of their intellectual property rights. Future litigation may be necessary to defend ourselves or our customers or partners by determining the scope, enforceability and validity of third-party proprietary rights, or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the Risk Factors included in Part I, Item 1A. — "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2017. These Risk Factors could materially impact our business, financial condition and/or operating results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely impact our business, financial condition and/or operating results.

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

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On May 8, 2018, the Company entered into a software license agreement with iPass Inc. In exchange for perpetual access to certain licensed software for up to 25,000,000 authorized devices, the Company shall pay iPass Inc. a software license fee of $3,000,000 (which includes the first year annual maintenance fee of 20%). The Company shall pay iPass Inc. the software license fee in three increments of $1,000,000 by June 15, 2018, September 30, 2018 and December 31, 2018, respectively. An annual maintenance fee of $600,000 for support services and software updates will be paid to iPass Inc. by the Company annually beginning May 8, 2019 until the annual maintenance is not renewed.

On May 11, 2018, the Company closed on its previously announced public offering of common stock gross proceeds of $6,100,000. The public offering was a shelf takedown off of our registration statement on Form S-3 (File No. 333-213575). The offering was conducted pursuant to a securities purchase agreement (the "Purchase Agreement"), with select accredited investors, and a placement agency agreement (the "Placement Agreement"), between the Company and Dawson James Securities, Inc., the placement agent on a best-efforts basis with respect to the offerings (the "Placement Agent"), that were entered into on May 9, 2018. The Company sold 2,440,000 shares of common stock at a purchase price of $2.50 per share. The material terms of the offerings are described in a prospectus supplement which was filed by us with the Securities and Exchange Commission pursuant to Rule 424(b) under the Securities Act of 1933, as amended, on May 10, 2018. The Placement Agreement contains customary representations, warranties and agreements by us and the Placement Agent. We also agreed in the Placement Agreement to indemnify the Placement Agent against certain liabilities.

On June 29, 2018, the Company amended the Saffelberg Investments N.V. ("Saffelberg") convertible note dated August 18, 2016 with principal of $723,900 removing Sections 4(d)(iii) and (iv) and will separately amended the August 18, 2016 Warrant removing Sections 2(c) and (d). This amendment removed the elements that generated the derivative liabilities and related expense from the convertible note and warrant.

On June 29, 2018, the Company entered into a term sheet with Saffelberg agreeing to (i) pay the balance and interest of the September 7, 2017 repayment agreement in the amount of $262,735 on July 11, 2018, (ii) convert at $2.37 per share on July 11, 2018 the August 18, 2016 $723,900 convertible note and accrued interest into 387,913 common shares, (iii) adjust the price of the 96,250 warrants to $2.37 on July 11, 2018 and (iv) register converted 387,913 common shares, the 96,250 warrant and other common stock equivalents held by Saffelberg in the next registration statement.

On July 31, 2018, the Company filed a prospectus, following the filing of a registration statement on Form S-3, announcing the resale of an aggregate of 7,151,146 shares of common stock, par value $0.00001 per share, issuable upon the exercise of warrants issued to investors in a private placement offering conducted by the Company and closed on December 5, 2017. On July 25, 2018, the last reported sale price of the Company's common stock on the New York Stock Exchange was $2.93 per share. The selling stockholders may offer all or part of the shares for resale from time to time through public or private transactions, at either prevailing market prices or at privately negotiated prices. The Company has paid all of the registration expenses incurred in connection with the registration of the shares, but the Company will not pay any of the selling commissions, brokerage fees or related expenses.

On August 3, 2018, the Company filed a DEFM14A (the "Proxy Statement"), announcing the proposed acquisition of Artilium plc, a public limited company registered in England and Wales ("Artilium"). In connection with the proposed acquisition, Artilium shareholders would be entitled to receive, for each Artilium ordinary share held by such shareholders, 1.9 pence in cash and 0.1016 new shares of the Company's common stock, resulting in the issuance of an aggregate of approximately 37,852,076 new shares of the Company's common stock. Following the transaction, Artilium shareholders will own approximately 35.14% of the Company's fully diluted common stock and the Company would acquire the entire issued and to be issued ordinary shares of Artilium.

Further, under the Proxy Statement, the Company announced its proposed 2018 Long-Term Incentive Compensation Plan, including the reservation of eight million (8,000,000) shares of common stock with a 15% annual increase to the total number of reserved shares thereunder.

On August 6, 2018, the Company entered into an Increased Independent Director Duties & Fee Proposal Agreement (the "Agreement") between the Company and Mr. Yves van Sante, an independent director of the Company. The Agreement provides for certain compensation to be paid to Mr. van Sante, including the following: $105,000 to be paid to Mr. van Sante in consideration of his current duties and annual remuneration; $75,000 to be paid to Mr. van Sante in consideration of his performance of additional duties relating to Pareteum's forecasted future global operations in Asia and Europe; $120,000 to be paid to Mr. van Sante in common stock of the Company, having a par value of $0.00001 per share, as a one-off extraordinary service bonus award in consideration of extraordinary service to the Company during 2017 and 2018.

Item 6. Exhibits

(a) Exhibits

10.1	Software License Agreement, dated May 8, 2018, by and between iPass Inc. and Pareteum Corporation
31.1	Certification of the principal executive officer pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)
31.2	Certification of the principal accounting officer pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)
32.1	Certification pursuant to 18 U.S.C. §1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification pursuant to 18 U.S.C. §1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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.

	PARETEUM CORPORATION
Date: August 13, 2018	By /s/ Robert H. Turner Robert H. Turner Executive Chairman (Principal Executive Officer)
Date: August 13, 2018	By /s/ Edward O'Donnell Edward O'Donnell Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.1

Software License Agreement

iPass SmartConnect

This Software License Agreement (this "**Agreement**"), effective as of May 8, 2018 (the "**Effective Date**"), is by and between **iPass Inc.**, a Delaware corporation with offices located at 3800 Bridge Parkway, Redwood Shores, CA 94065 ("**Licensor**") and **Pareteum Corporation**, a Delaware corporation, with offices located at 1185 Avenue of the Americas, New York, NY 10036 ("**Licensee**"). Licensor and Licensee may be referred to herein collectively as the "**Parties**" or individually as a "**Party**."

WHEREAS, Licensor desires to license the Software described in **Exhibit A** attached hereto to Licensee; and

WHEREAS, Licensee desires to obtain a license to use the Software for its internal business purposes, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. <u>Definitions</u>.

(a) "**Authorized Devices**" means an Android or iOS device which Licensee permits to access and use the Software and/or Documentation pursuant to Licensee's license hereunder.

(b) "**Documentation**" means Licensor's user manuals, handbooks, and installation guides relating to the Software provided by Licensor to Licensee electronically.

(c) "**Software**" means the product described in **Exhibit A**, including any Updates provided to Licensee pursuant to this Agreement.

(d) "**Updates**" means any updates, bug fixes, patches, or other error corrections to the Software that Licensor generally makes available free of charge to all licensees of the Software.

2. <u>License</u>.

(a) **License Grant**. Subject to and conditioned on Licensee's payment of Fees and compliance with all other terms and conditions of this Agreement, Licensor hereby grants Licensee a perpetual, non-exclusive, and non-transferable (except in compliance with Section 12(g)) license during the Term to: (i) access and otherwise use the Licensed Software, solely in furtherance of this Agreement and not for other internal business purposes; (ii) sell or re-license the Licensed Software and Documentation to any third party; and (iii) use and make a reasonable number of copies of the Documentation solely for Licensee's internal business purposes in connection with Licensee's use of the Software. The total number of Authorized Devices will not exceed the number set forth in **Exhibit B**, except as expressly agreed to in writing by the Parties and subject to any appropriate adjustment of the license fees payable hereunder. Licensee may make and use a reasonable number of copies of the Software solely for internal, non-revenue generating purposes, such as back-up, disaster recovery, and testing purposes. Any such copy of the Software: (i) remains Licensor's exclusive property; (ii) is subject to the terms and conditions of this Agreement; and (iii) must include all copyright or other proprietary rights notices contained in the original.

(b) **Use Restrictions**. Licensee shall not use the Software or Documentation for any purposes beyond the scope of the license granted in this Agreement. Without limiting the foregoing and except as otherwise expressly set forth in this Agreement, Licensee shall not at any time, directly or indirectly: (i) copy, modify, or create derivative works of the Software or the Documentation, in whole or in part; (ii) except to the extent set forth above in Section 2(a), rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer, or otherwise make available the Software or the Documentation; (iii) knowingly reverse engineer, disassemble, decompile, decode, adapt, or otherwise attempt to derive or gain access to the source code of the Software, in whole or in part; (iv) remove any proprietary notices from the Software or the Documentation; or (v) use the Software in any manner or for any purpose that knowingly infringes, misappropriates, or otherwise violates any intellectual property right or other right of any person, or that violates any applicable law.

(c) **Reservation of Rights.** Licensor reserves all rights not expressly granted to Licensee in this Agreement. Except for the limited rights and licenses expressly granted under this Agreement, nothing in this Agreement grants, by implication, waiver, estoppel, or otherwise, to Licensee or any third party any intellectual property rights or other right, title, or interest in or to the Software.

(d) **Delivery.** Licensor shall deliver the Software electronically to Licensee following the Effective Date.

(e) **Escrow of Source Code.** The Parties will enter into an escrow agreement with an escrow agent agreed by the Parties in relation to the source code together with all developer notes associated with the Licensed Software and Documentation until such time as: (i) the Licensor reports $10,000,000 of cash on the balance sheet in a publicly filed document; OR (ii) December 31, 2018, whichever occurs first.

3. Licensee Responsibilities.

(a) **General.** Licensee is responsible and liable for all uses of the Software and Documentation resulting from access provided by Licensee, directly or indirectly, whether such access or use is permitted by or in violation of this Agreement. Licensee shall take commercially reasonable efforts to make all users of Authorized Devices aware of this Agreement's provisions as applicable to such users of Authorized Devices and their use of the Software, and shall cause users of Authorized Devices to comply with such provisions.

(b) **Support.** Licensor shall provide Licensee with the support services described on **Exhibit B** for one year following the Effective Date and thereafter, solely if Licensee purchases additional support services. Licensor shall continue to provide support services as described on **Exhibit B**, the year following the one-year anniversary of the Effective Date, and every year thereafter, upon payment of the annual maintenance fee as provided in **Exhibit B**.

4. Fees and Payment.

(a) **Fees**. Licensee shall pay Licensor the software licensing fees ("**Software License Fee**") and annual maintenance fee ("**Annual Maintenance Fee**") (collectively**,** Software License Fee and Annual Maintenance Fee are "**Fees**"), set forth in **Exhibit B** without offset or deduction. Licensee shall make all undisputed payments hereunder in US dollars and are due and payable within thirty (30) days after the date of invoice. If Licensee fails to make any undisputed payment when due, Licensor shall provide written notice and thereafter, and in addition to all other remedies that may be available: (i) Licensor may charge interest on the past due amount at the rate of 1.5% per month calculated daily and compounded monthly or, if lower, the highest rate permitted under applicable law; and (ii) Licensee shall reimburse Licensor for all costs incurred by Licensor in collecting any late payments or interest, including attorneys' fees, court costs, and collection agency fees; and (iii) if such failure continues for 10 days following written notice thereof, Licensor may prohibit access to the Software until all past due amounts (but expressly excluding any such amounts disputed in good faith) and interest thereon have been paid, without incurring any obligation or liability to Licensee or any other person by reason of such prohibition of access to the Software.

(b) **Taxes.** All Fees and other amounts payable by Licensee under this Agreement are exclusive of taxes and similar assessments. Licensee is responsible for all sales, use, and excise taxes, and any other similar taxes, duties, and charges of any kind imposed by any federal, state, or local governmental or regulatory authority on any amounts payable by Licensee hereunder, other than any taxes imposed on Licensor's income.

(c) **Auditing Rights and Required Records**. Licensee agrees to maintain complete and accurate records in accordance with generally accepted accounting principles during the Term and for a period of three years after the termination or expiration of this Agreement with respect to matters necessary for accurately determining amounts due hereunder. Not more than one (1) time during any twelve (12) consecutive calendar month period, Licensor may, at its own expense and at Licensee's principal place of business during Licensee's normal business hours, on not less than thirty (30) days' prior notice, inspect and audit Licensee's records with respect to matters covered by this Agreement, provided that if such inspection and audit reveals that Licensee has underpaid Licensor by more than five percent (5%) with respect to any amounts due and payable during the Term, Licensee shall promptly pay the amounts necessary to rectify such underpayment, together with interest in accordance with Section 4(a). Licensee shall pay for the costs of the audit if the audit determines that Licensee's underpayment equals or exceeds 15% for any quarter. Such inspection and auditing rights will extend throughout the Term of this Agreement and continue for a period of six (6) months after the termination or expiration of this Agreement.

5. **Confidential Information**. From time to time during the Term, either Party may disclose or make available to the other Party information about its business affairs, products, confidential intellectual property, trade secrets, third-party confidential information, and other sensitive or proprietary information, whether orally or in written, electronic, or other form or media/in written or electronic form or media, whether or not marked, designated or otherwise identified as "confidential" (collectively, "**Confidential Information**"). Confidential Information does not include information that, at the time of disclosure is: (a) in the public domain; (b) known to the receiving Party at the time of disclosure; (c) rightfully obtained by the receiving Party on a non-confidential basis from a third party; or (d) independently developed by the receiving Party. The receiving Party shall not disclose the disclosing Party's Confidential Information to any person or entity, except to the receiving Party's employees who have a need to know the Confidential Information for the receiving Party to exercise its rights or perform its obligations hereunder. Notwithstanding the foregoing, each Party may disclose Confidential Information to the limited extent required (i) in order to comply with the order of a court or other governmental body, or as otherwise necessary to comply with applicable law, provided that the Party making the disclosure pursuant to the order shall first have given written notice to the other Party and made a reasonable effort to obtain a protective order; or (ii) to establish a Party's rights under this Agreement, including to make required court filings. On the expiration or termination of the Agreement, the receiving Party shall promptly return to the disclosing Party all copies, whether in written, electronic, or other form or media, of the disclosing Party's Confidential Information, or destroy all such copies and certify in writing to the disclosing Party that such Confidential Information has been destroyed. Each Party's obligations of non-disclosure with regard to Confidential Information are effective as of the Effective Date and will expire two (2) years from the date first disclosed to the receiving Party; provided, however, with respect to any Confidential Information that constitutes a trade secret (as determined under applicable law), such obligations of non-disclosure will survive the termination or expiration of this Agreement for as long as such Confidential Information remains subject to trade secret protection under applicable law.

6. **Intellectual Property Ownership; Feedback**.

(a) Licensee acknowledges that, as between Licensee and Licensor, Licensor owns all right, title, and interest, including all intellectual property rights, in and to the Software and Documentation.

(b) **Feedback.** If Licensee or any of its employees or contractors sends or transmits any communications or materials to Licensor by mail, email, telephone, or otherwise, suggesting or recommending changes to the Software or Documentation, including without limitation, new features or functionality relating thereto, or any comments, questions, suggestions, or the like ("**Feedback**"), Licensor is free to use such Feedback irrespective of any other obligation or limitation between the Parties governing such Feedback. Licensee hereby assigns to Licensor on Licensee's behalf, and on behalf of its employees, contractors and/or agents, all right, title, and interest in, and Licensor is free to use, without any attribution or compensation to any party, any ideas, know-how, concepts, techniques, or other intellectual property rights contained in the Feedback, for any purpose whatsoever, although Licensor is not required to use any Feedback.

7. Data Privacy and Security.

(a) **Licensee and End User Data.** Licensee agrees that Licensor and the service providers it utilizes to assist in providing the Software and services to Licensee shall have the right to access Licensee’s and end users’ accounts and to use, modify, reproduce, distribute, display and disclose Licensee data and end user data solely to the extent necessary to provide the Software and services, including, without limitation, in response to Licensee or end user support requests. Any third party providers of services (“Third Party Providers”) iPass utilizes will only be given access to Licensee account information and data as is reasonably necessary to provide the Software and services and will be subject to confidentiality obligations. Licensor may also access or disclose information about Licensee, Licensee’s account, or end users in order to: (a) comply with the law or respond to lawful requests or legal process; (b) protect Licensor, its customers’ or partners’ rights or property, including enforcement of this Agreement or other policies associated with the Software and services; and (c) act on a good faith belief that such disclosure is necessary to protect personal safety or avoid violation of applicable law or regulation.

(b) **Privacy Policy**. Licensor collects certain information about Licensee and end users including but not limited to the location of the end user’s device when using the Software and services, and information regarding the devices, computers and the end users’ use of the Software and services. Licensor uses, discloses, collects and protects this information as described in iPass’ Privacy Policy, the then-current version of which is available at www.ipass.com/privacy and is incorporated by reference herein. In the event of a conflict between the terms in the body of the Agreement and in the Privacy Policy, the terms in the body of this Agreement control.

8. Limited Warranties and Warranty Disclaimer.

(a) Licensor warrants that at all times during the Term: (i) the Software shall perform as described in the Documentation following the Effective Date; (ii) the Software does not contain any virus or other malicious code that would cause the Software to become inoperable or incapable of being used in accordance with the Documentation; (iii) the Software and Documentation shall not infringe, misappropriate, or otherwise violate any intellectual property right or other right of any person, nor shall the Software and Documentation violate any applicable law. THE FOREGOING WARRANTIES DO NOT APPLY, AND LICENSOR STRICTLY DISCLAIMS ALL WARRANTIES, WITH RESPECT TO ANY THIRD-PARTY PRODUCTS.

(b) The warranties set forth in Section 8(a) do not apply and become null and void if Licensee knowingly breaches any material provision of this Agreement (beyond applicable notice and cure), or if Licensee any Authorized User, or any other person provided access to the Software by Licensee [or any Authorized User, whether or not in violation of this Agreement: (i) knowingly installs or uses the Software on or in connection with any hardware or software not specified in the Documentation [or expressly authorized by Licensor in writing; (ii) modifies or damages the Software; or (iii) misuses the Software, including any use of the Software other than as specified in the Documentation or expressly authorized by Licensor in writing.

(c) If, during the period specified in Section 8(a), any Software fails to comply with the warranty in Section 8(a), and such failure is not excluded from warranty pursuant to Section 8(b), Licensor shall, subject to Licensee's promptly notifying Licensor in writing of such failure, at its sole option, either: (i) repair or replace the Software, provided that Licensee provides Licensor with all information Licensor requests to resolve the reported failure, including sufficient information to enable the Licensor to recreate such failure; or (ii) refund the Fees paid for such Software, subject to Licensee's ceasing all use of and, if requested by Licensor, returning to Licensor all copies of the Software. If Licensor repairs or replaces the Software, the warranty will continue to run from the Effective Date and not from Licensee's receipt of the repair or replacement. The remedies set forth in this Section 8(c) are Licensee's sole remedies and Licensor's sole liability under the limited warranty set forth in Section 8(a).

(d) EXCEPT FOR THE LIMITED WARRANTY SET FORTH IN SECTION 8(a), THE SOFTWARE AND DOCUMENTATION ARE PROVIDED "AS IS" AND LICENSOR HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE. LICENSOR SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT, AND ALL WARRANTIES ARISING FROM COURSE OF DEALING, USAGE, OR TRADE PRACTICE. EXCEPT FOR THE LIMITED WARRANTY SET FORTH IN SECTION 8(a), LICENSOR MAKES NO WARRANTY OF ANY KIND THAT THE SOFTWARE AND DOCUMENTATION, OR ANY PRODUCTS OR RESULTS OF THE USE THEREOF, WILL MEET LICENSEE'S OR ANY OTHER PERSON'S REQUIREMENTS, OPERATE WITHOUT INTERRUPTION, ACHIEVE ANY INTENDED RESULT, BE COMPATIBLE OR WORK WITH ANY SOFTWARE, SYSTEM OR OTHER SERVICES, OR BE SECURE, ACCURATE, COMPLETE, FREE OF HARMFUL CODE, OR ERROR FREE.

9. **Indemnification.**

(a) Licensor Indemnification.

(i) Licensor shall indemnify, defend, and hold harmless Licensee from and against any and all losses, damages, liabilities, costs ("**Losses**") incurred by Licensee resulting from any third-party claim, suit, action, or proceeding ("**Third-Party Claim**") that the Software or Documentation, or any use of the Software or Documentation in accordance with this Agreement, infringes or misappropriates such third party's US intellectual property rights, US patents, copyrights, or trade secrets, provided that Licensee promptly notifies Licensor in writing of the claim, cooperates with Licensor, and allows Licensor sole authority to control the defense and settlement of such claim.

(ii) If such a claim is made or appears possible, Licensee agrees to permit Licensor, at Licensor's sole discretion, to (A) modify or replace the Software or Documentation, or component or part thereof, to make it non-infringing, or (B) obtain the right for Licensee to continue use. If Licensor determines that none of these alternatives is reasonably available, Licensor may terminate this Agreement, in its entirety or with respect to the affected component or part, effective immediately on written notice to Licensee.

(iii) This Section 9(a) will not apply to the extent that the alleged infringement arises from: (A) use of the Software in combination with data, software, hardware, equipment, or technology not provided by Licensor or authorized by Licensor in writing; (B) modifications to the Software not made by Licensor; or (C) use of any version other than the most current version of the Software or Documentation delivered to Licensee.

(b) **Licensee Indemnification**. Subject to the limitations in Section 10 below, Licensee shall indemnify, hold harmless, and, at Licensor's option, defend Licensor from and against any Losses resulting from any Third-Party Claim based on Licensee's: (i) negligence or willful misconduct; (ii) use of the Software or Documentation in a manner not authorized or contemplated by this Agreement; (iii) use of the Software in combination with data, software, hardware, equipment or technology not provided by Licensor or authorized by Licensor in writing; (iv) modifications to the Software not made by Licensor; or (v) use of any version other than the most current version of the Software or Documentation delivered to Licensee, provided that Licensee may not settle any Third-Party Claim against Licensor unless such settlement completely and forever releases Licensor from all liability with respect to such Third-Party Claim or unless Licensor consents to such settlement, and further provided that Licensor will have the right, at its option, to defend itself against any such Third-Party Claim or to participate in the defense thereof by counsel of its own choice.

(c) **Sole Remedy.** THIS SECTION 9 SETS FORTH LICENSEE'S SOLE REMEDIES AND LICENSOR'S SOLE LIABILITY AND OBLIGATION FOR ANY ACTUAL, THREATENED, OR ALLEGED CLAIMS THAT THE SOFTWARE OR DOCUMENTATION INFRINGES, MISAPPROPRIATES, OR OTHERWISE VIOLATES ANY INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY.

10. **Limitations of Liability**. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY UNDER OR IN CONNECTION WITH THIS AGREEMENT UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, AND OTHERWISE, FOR ANY: (a) CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED, OR PUNITIVE DAMAGES; (b) INCREASED COSTS, DIMINUTION IN VALUE OR LOST BUSINESS, PRODUCTION, REVENUES, OR PROFITS; (c) LOSS OF GOODWILL OR REPUTATION; (d) USE, INABILITY TO USE, LOSS, INTERRUPTION, DELAY OR RECOVERY OF ANY DATA, OR BREACH OF DATA OR SYSTEM SECURITY; OR (e) COST OF REPLACEMENT GOODS OR SERVICES, IN EACH CASE REGARDLESS OF WHETHER THE PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES OR SUCH LOSSES OR DAMAGES WERE OTHERWISE FORESEEABLE. EXCEPT FOR ITS INDEMNIFICATION OBLIGATIONS SET FORTH ABOVE IN SECTION 8(A), AND MATTERS ARISING FROM ITS NEGLIGENCE OR INTENTIONAL MISCONDUCT, IN NO EVENT WILL LICENSOR'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT, STRICT LIABILITY, AND OTHERWISE EXCEED THE TOTAL AMOUNTS PAID TO LICENSOR UNDER THIS AGREEMENT.

IN NO EVENT SHALL LICENSEE’S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT, STRICT LIABILITY, AND OTHERWISE EXCEED THE TOTAL AMOUNTS PAID BY LICENSEE TO LICENSOR UNDER THIS AGREEMENT.

11. **Term and Termination**.

(a) **Term.** The term of this Agreement begins on the Effective Date and, unless terminated earlier pursuant to any of the Agreement's express provisions, will continue in effect indefinitely or until annual support is not renewed. Unless earlier terminated pursuant to this Agreement's express provisions, Licensee must provide written notice of non-renewal of annual support at least 60 days prior to the expiration of the then-current term.

(b) **Termination.** In addition to any other express termination right set forth in this Agreement:

(i) Licensor may terminate this Agreement, effective on written notice to Licensee, if Licensee: (A) fails to pay any undisputed amount when due hereunder, and such failure continues more than 30 days after Licensor's delivery of written notice thereof; or (B) breaches any of its obligations under Section 2(b) or Section 5;

(ii) Either Party may terminate this Agreement, effective on written notice to the other Party, if the other Party breaches this Agreement, and such breach: (A) is incapable of cure; or (B) being capable of cure, remains uncured 30 days after the non-breaching Party provides the breaching Party with written notice of such breach; or

(iii) Either Party may terminate this Agreement, effective immediately upon written notice to the other Party, if the other Party: (A) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due; (B) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law; (C) makes or seeks to make a general assignment for the benefit of its creditors; or (D) applies for or has appointed a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business.

(c) **Effect of Expiration or Termination.** Upon expiration or earlier termination of this Agreement, the license granted hereunder will not terminate, but no additional support, as described in Exhibit B, shall be provided to Licensee effective upon termination. No expiration or termination will affect Licensee's obligation to pay all Fees that may have become due before such expiration or termination, or entitle Licensee to any refund. If termination is resultant from events under 11(b)(iii) on the part of Licensor, the Licensee will have recourse under section 2(e) Escrow Source Code.

(d) **Survival**. This Section 11(d) and Sections 1, 4, 5, 6, 7, 8, 9, and 10 survive any termination or expiration of this Agreement. No other provisions of this Agreement survive the expiration or earlier termination of this Agreement.

12. Miscellaneous.

(a) Entire Agreement. This Agreement, together with any other documents incorporated herein by reference and all related Exhibits, constitutes the sole and entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings, agreements, and representations and warranties, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements made in the body of this Agreement, the related Exhibits, and any other documents incorporated herein by reference, the following order of precedence governs: (a) first, this Agreement, excluding its Exhibits; (b) second, the Exhibits to this Agreement as of the Effective Date; and (c) third, any other documents incorporated herein by reference.

(b) **Notices.** All notices, requests, consents, claims, demands, waivers, and other communications hereunder (each, a "**Notice**") must be in writing and addressed to the Parties at the addresses set forth on the first page of this Agreement (or to such other address that may be designated by the Party giving Notice from time to time in accordance with this Section). All Notices must be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), or certified or registered mail (in each case, return receipt requested, postage pre-paid). Except as otherwise provided in this Agreement, a Notice is effective only: (i) upon receipt by the receiving Party, and (ii) if the Party giving the Notice has complied with the requirements of this Section.

(c) **Force Majeure.** In no event shall either Party be liable to the other Party, or be deemed to have breached this Agreement, for any failure or delay in performing its obligations under this Agreement, if and to the extent such failure or delay is caused by any circumstances beyond such Party's reasonable control, including but not limited to acts of God, flood, fire, earthquake, explosion, war, terrorism, invasion, riot or other civil unrest, strikes, labor stoppages or slowdowns or other industrial disturbances, or passage of law or any action taken by a governmental or public authority, including imposing an embargo.

(d) **Amendment and Modification; Waiver.** No amendment to or modification of this Agreement is effective unless it is in writing and signed by an authorized representative of each Party. No waiver by any Party of any of the provisions hereof will be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, (i) no failure to exercise, or delay in exercising, any rights, remedy, power, or privilege arising from this Agreement will operate or be construed as a waiver thereof and (ii) no single or partial exercise of any right, remedy, power, or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

(e) **Severability**. If any provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

(f) **Governing Law; Submission to Jurisdiction.** This Agreement is governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule that would require or permit the application of the laws of any jurisdiction other than those of the State of California. Any legal suit, action, or proceeding arising out of this Agreement or the licenses granted hereunder shall be instituted in the federal courts of the United States or the courts of the State of California in each case located in the city of Redwood Shores and County of San Mateo, and each Party irrevocably submits to the jurisdiction of such courts in any such suit, action, or proceeding.

(g) **Assignment.** Licensee may not assign or transfer any of its rights or delegate any of its obligations hereunder, in each case whether voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of Licensor, which consent shall not be unreasonably withheld, conditioned, or delayed; provided, however, that in connection with a sale, reorganization, merger, consolidation, acquisition or other restructuring involving all or substantially all of the voting securities and/or assets of Licensee this Agreement may be assigned by Licensee to any such successor provided written notice of such assignment is provided by Licensee to Licensor within a reasonable time thereafter. Any purported assignment, transfer, or delegation in violation of this Section is null and void. No assignment, transfer, or delegation will relieve the assigning or delegating Party of any of its obligations hereunder. This Agreement is binding upon and inures to the benefit of the Parties hereto and their respective permitted successors and assigns.

(h) **Export Regulation**. The Software may be subject to US export control law, including the US Export Administration Act and its associated regulations. Licensee shall not, directly or indirectly, export, re-export, or release the Software to, or make the Software accessible from, any jurisdiction or country to which export, re-export, or release is prohibited by law, rule, or regulation. Licensee shall comply with all applicable federal laws, regulations, and rules, and complete all required undertakings (including obtaining any necessary export license or other governmental approval), prior to exporting, re-exporting, releasing, or otherwise making the Software available outside the US.

(i) **Equitable Relief.** Each Party acknowledges and agrees that a breach or threatened breach by such Party of any of its obligations under Section 5 or, in the case of Licensee, Section 2(b), would cause the other Party irreparable harm for which monetary damages would not be an adequate remedy and agrees that, in the event of such breach or threatened breach, the other Party will be entitled to equitable relief, including a restraining order, an injunction, specific performance, and any other relief that may be available from any court, without any requirement to post a bond or other security, or to prove actual damages or that monetary damages are not an adequate remedy. Such remedies are not exclusive and are in addition to all other remedies that may be available at law, in equity, or otherwise.

(j) **Counterparts.** This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

iPass Inc.		**Pareteum Corporation**	
By:	Darin R. Vickery	By:	Denis E. McCarthy
Name:	Darin R. Vickery	Name:	Denis E. McCarthy
Title:	CFO	Title:	SVP Corporate Development
Date:	May 8, 2018	Date:	May 8, 2018

<u>EXHIBIT A</u>

iPass SmartConnect Description

iPass SmartConnect technology is delivered to Authorized Devices through a cloud-based platform (the "Platform") comprising software elements on the mobile device and available over the Internet. iPass´ Platform gives control over the definition and management of mobility services configured to the Licensee's specific needs. This architecture gives an Authorized Device choice in access services and serves as a bridge to functionality through use of extensible web services standards, while keeping the operational and financial burden on Licensee low by not requiring them to purchase, deploy and manage on-premises infrastructure, unless they so choose for purposes of adding additional functionality.

iPass Platform is designed to provide Licensee with reliability, flexibility, network security, policy enforcement, consolidated billing and scalability.

The technology consists of the following principal components:

i. ***Foundation Services***. Provide the basic capabilities needed for a cloud-based platform, including the ability to manage devices (add, remove, or change rights), authenticate devices to access the platform, authorize access to particular functions, or track and audit use of the platform.

ii. ***Operational Services.*** Are built on top of the iPass Foundation Services platform, enabling Licensee to operate the various iPass´ market-facing offers, including device profile/configuration management, network directory management, account management, order management, usage management, support, billing and training.

iii. ***Presentation Services***. Impact how information is presented to devices accessing the Platform, usually through a web based portal. Presentation Services include web presentation, data validation, access control (controlling who can see and enter what).

iv. ***SmartConnect Client and SmartConnect SDK Services***. Provide the ability to update configuration files and associated network registries, and to receive the data that the client collects.

v. ***Curation Services***. Ability of iPass platform to collect information about Open Networks and be able to decode the hotspot information and automate steps to connect to that Network.

vi. ***High-Availability and Scalable Authentication Architecture***. iPass´ relationships with network service providers enables iPass Platform to enable connectivity through multiple global networks . As a result, the cloud-based Platform reduces the risk of service interruptions associated with depending on only one service provider. Furthermore, iPass´ geographically distributed transaction centers act as a unified and fault-tolerant system that provides scalable and highly available device authentication and quality management information collection. Each point in the authentication process is designed with built-in redundancy and fail-over capabilities.

iPass SmartConnect SDK – necessary for adding iPass services to an application. The SDK may be used to integrate iPass functionalities into a specific application offered by a third-party application, and supports the following operating systems: Android and iOS.

iPass SmartConnect Client – iPass functional applications built on iPass SmartConnect SDK and supporting the following operating systems: Android and iOS.

iPass Curated Network – Curated Networks are open Networks that have been added to footprint using iPass Curation Services and can be accessed via the iPass SmartConnect software.

EXHIBIT B

FEES AND SUPPORT SERVICES

Software License Fee. In exchange for perpetual access to the Licensed Software for up to 25,000,000 Authorized Devices, Licensee shall pay Licensor the Software License Fee of $3,000,000.00 (which includes the first year Annual Maintenance Fee of 20%). Upon the Effective Date, Licensor shall invoice and Licensee shall pay Licensor Software License Fee in increments as follows: $1,000,000.00 by June 15, 2018; $1,000,000.00 by September 30, 2018 (or the next succeeding business day thereafter); and $1,000,000.00 by December 31, 2018.

Annual Maintenance Fee. In exchange for the Support Services and Service Levels in this Exhibit B and software Updates, Licensee shall invoice and Licensee shall pay Licensor $600,000.00 commencing on the one year anniversary following the Effective Date, and every year thereafter (representing 20% of the License Fee).

Support Services

1. Definitions. Any capitalized terms used herein and not defined below are defined in the Agreement.

"First Level Technical Support" means taking calls from users of Authorized Devices, getting complete information from end users regarding problems experienced by such users, testing user authorization to use the service, eliminating common user errors, and escalating unresolved issues with written documentation detailing steps taken prior to escalation.

"Second Level Technical Support" means providing assistance to First Level Technical Support help desk for issues that cannot be resolved through First Level Technical Support.

"Third Level Technical Support" means providing technical assistance to Licensee's authorized Second Level Technical Support personnel for technical issues that cannot be resolved by Second Level Technical Support.

"Severity One" means:

- iPass Hosted Authentication Infrastructure is down or other problems that prevent all users of Authorized Devices from connecting.
- Issues regarding Hosted User Services and Hosted User Management.

“Severity Two” means:

- User community is experiencing difficulty connecting to one or more remote Access Points.

- Hosted Authentication or Customer RoamServer configuration requests.

- User community is experiencing difficulty deploying the Open Mobile software.

“Severity Three” means:

- Problems that affect a limited number of user community or any question or service request regarding the Open Mobile Portal.

2. First Level Technical Support For users of Authorized Devices, the Licensee will be responsible for providing First Level Technical Support. First Level Technical Support personnel who have received training regarding the iPass Service and the iPass Software from iPass will be authorized to contact the applicable Second Level Technical Support center(s) at iPass to resolve any problems that cannot be resolved by First Level Technical Support. Customer may change its authorized contacts for Second Level Technical Support at any time upon written notice to iPass so long as any new authorized contacts have completed the requisite iPass training.

3. Second/Third Level Technical Support. iPass will provide Licensee with Second/Third Level Technical Support in accordance with iPass standard procedures, as described in Service Levels below, Licensee must have its password and id available in order to access and submit a request, absent which iPass will have no obligation to provide Licensee with Second Level Technical Support.

4. Support Requests. Licensee’s authorized First/Second Level Technical Support shall submit support requests via the iPass Ticketing System. iPass Support is provided per the procedures as described in Service Levels below. In general, support requests are submitted via the iPass Ticketing System and are submitted under a Licensee selected severity level. Tickets are worked by iPass based upon severity prioritization, with Severity One being the highest priority, followed by Severity Two and Severity Three. iPass response times for the various Severity levels are described in Service Levels below.

5. Software Updates. iPass will notify Licensee regarding the availability of Updates and make any applicable Updates available to Licensee as part of this agreement, when and if such updates are made generally available.

6. Training. iPass will perform training services as agreed upon by the Parties and in accordance with the terms of this Agreement.

<u>Service Levels</u>.

iPass agrees to provide the levels of service set forth herein to Licensee

1. Additional Definitions.

"Availability" means users of Authorized Devices having access to, full functionality and usage of the service.

"Service Levels" means the minimum service levels to be achieved by Licensor in relation to L Licensor's performance of its obligations as set out herein.

"Severity Level" means the impact of or nature of a problem as set forth in the Support Services above.

"Response" means the iPass' acknowledgment of its receipt of a Trouble Report from Licensee.

2. Licensor Support Services

Licensor will provide Help Desk to Help Desk support to Licensee on components of the Licensor Service e.g. the iPass Portal, Hosted Authentication Infrastructure.

3. Support Process

The following support process shall be followed by the Licensee HELPDESK to report or escalate issues to the iPass Support Teams:

a. Issue Identified to Licensee Help Desk

(i) The user of the Authorized Device contacts the Licensee Help Desk.
(ii) Licensee Helpdesk follows troubleshooting guide and reviews information in the Licensor online knowledge base (help.ipass.com) and determines if internal resources can resolve the issue.
(iii) If internal resources cannot resolve the issue, then Licensee Help Desk contacts iPass Customer Care via web-based support request.

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b. Entering a web-based Support Request

(i) Access the Portal via url: https://openmobile.ipass.com
(ii) Enter your username and password and click login.
(iii) Access is available on the Dashboard tab.
(iv) Click on the "Manage Tickets" link.
(v) On the "Cases" tab select the "Create New Case" button or dropdown link
(vi) Enter the appropriate information as required.

Licensee Helpdesk shall provide callback details (contact name and phone number) in all web-based support requests.

c. Ticket Requirements

At a minimum, all Severity One and Severity Two problem reports shall contain the following in order to expedite investigation and verification of the problem:

(i) Username and Description of observed behavior.
(ii) Debug logs if available.
(iii) Steps to reproduce.
(iv) Operating environment (Operating system, language, software version, profile number and hardware, as applicable.)
(v) Dates / times of transaction failures.
(vi) Name of network attempted.

Licensor may request additional information for verification of a reported problem as necessary.

d. Licensee's Customer Care Hotline

For Severity One issues, Licensor recommends that opening a web-based support request be followed by a phone call to iPass at one of the following Severity One Customer Care numbers:

Inside the United States:	+1-877-464-7277
Outside the United States:	+1 650-232-4300
Dialing within Europe:	+44 20 7010 8344

Phone numbers are available 24 hours a day, 7 seven days a week.

Please note that in order to safeguard customers against unauthorized service activity, Licensor will require that callers authenticate their credentials via the web based ticketing system prior to any action by Licensor.

All change requests MUST be in writing.

In order to ensure that tickets are handled in order of receipt, by priority, calls which are not Severity One will be ticketed and placed in queue to be handled in order of receipt, by severity.

4. Service Levels

a. **Support Request Response -** For each Severity Level, iPass shall provide the following response Service Levels:

   i. For Licensee Helpdesk Support Requests submitted in accordance with the process defined herein.

Problem Severity	Response Service Level
Severity One	Targeted Response Time: Issues will receive a response from iPass within fifteen (15) minutes (1 hour on weekends and local public holidays) after submitting a Severity One support case followed by a phone call to iPass. Please note Severity One issues reported via a support case only will be responded to within 1 hour.
Severity Two	Targeted Response Time: Issues will receive a response from iPass within 8 hours of receipt of the request (except weekends and local public holidays.)
Severity Three	Targeted Response Time: Issues will receive a response from iPass within 12 hours of receipt of the request (except weekends and local public holidays.)

b. **Problem Verification -** iPass and Licensee will make reasonable efforts to verify any reported problem as soon as it is reported as well as any follow-up information that may be required.

c. **Update Intervals -** iPass will make reasonable efforts to keep Licensee's Second Level Technical Support personnel informed of the latest status on any problem submitted. In the event Licensee's Second Level Technical Support personnel requires more frequent updates, then these will be discussed and mutually agreed upon and will depend on the severity and complexity of the problem.

d. **Severity Reclassification** - To ensure that severe problems receive highest priority, iPass may modify a ticket submitted as Severity One issue if it clearly does not meet the criteria for Severity One.

5. iPass Support Escalation Process

(a) When to Escalate an Issue

(i) If iPass fails to respond within the prescribed service level response time, the Licensee Help Desk is encouraged to escalate the issue to the Escalation Contact in the respective time zone (see escalation contacts below.)

(ii) If the iPass Customer Care Representative and the Licensee Help Desk cannot agree on an action plan to resolve an issue (Severity One, Two or Three), then the iPass Customer Care Representative and the Customer Help Desk are encouraged to escalate the issue to the Director of Customer Care.

(iii) Once a plan has been agreed, iPass will work to resolve the issue. If the Licensee Help Desk is not satisfied with the progress that is being made to resolve an issue, they are encouraged to contact the Director of Customer Care.

(b) **How to Escalate an Issue**

(i) All escalations should be in writing (to the e-mail address listed below) or by phone followed up with a summary from Licensee's Help Desk.

(ii) Written documentation should outline the original issue and progress to date. It should also include impact to the customer and reason for the escalation.

(c) **Response to Escalation**

(i) The Director of Customer Care will respond upon receipt to any escalations.

(ii) Escalations will take priority over any issue of the same severity level.

Customer Care Escalation Contact

Location/Time Zone	**London, UK (GMT)**
Regional Contact	Richard Sabbarton
email	rsabbarton@ipass.com
Office Phone	+44 20 7010 8319
Location/Time Zone	**Redwood Shores, US (PST)**
Regional Contact	Christopher Calhoun
email	ccalhoun@ipass.com
Office Phone	+ 1 650 232 4127
Location/Time Zone	**Bangalore, IN (IST)**
Regional Contact	Sujith Varijakshan
email	svarijakshan@ipass.com
Office Phone	+91 80 41380976

ESCALATION Manager – Director of Support

Escalation Manager	Alan Ridgewell
email	aridgewell@ipass.com
Office Phone	+44 20 7010 8304

Exhibit 31.1

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert H. Turner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pareteum Corporation.;

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

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

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

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

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of a quarterly 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(s) 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.

Dated: August 13, 2018

/s/ Robert H. Turner
Robert H. Turner
Executive Chairman
Principal Executive Officer

Exhibit 31.2

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Edward O'Donnell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pareteum Corporation.;

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

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

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

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

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of a quarterly 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(s) 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.

Dated: August 13, 2018

/s/ Edward O'Donnell
Edward O'Donnell
Chief Financial Officer
Principal Financial and Accounting Officer

Exhibit 32.1

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. 1350)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), the undersigned officer of Pareteum Corporation., a Delaware corporation (the "Company"), does hereby certify, to the best of such officer's knowledge and belief, that to my knowledge:

(1) The Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all materials respects, the financial condition and results of operations of the Company.

Date: August 13, 2018

/s/ Robert H. Turner
Robert H. Turner
Executive Chairman
Principal Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

Exhibit 32.2

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. 1350)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), the undersigned officer of Pareteum Corporation, a Delaware corporation (the “Company”), does hereby certify, to the best of such officer’s knowledge and belief, that to my knowledge:

(1) The Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all materials respects, the financial condition and results of operations of the Company.

Date: August 13, 2018

/s/ Edward O’Donnell
Edward O’Donnell
Chief Financial Officer
Principal Financial and Accounting Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.