Section 1: 10-Q (10-Q)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2020

OR

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

For the transition period from to

Commission file number: 001-35155

BOINGO WIRELESS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**95-4856877** (I.R.S. Employer Identification No.)
10960 Wilshire Blvd., 23rd Floor **Los Angeles, California** (Address of principal executive offices)	**90024** (Zip Code)

(310) 586-5180
(Registrant's telephone number, including area code)

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

Common Stock, $0.0001 par value	**WIFI**	**The NASDAQ Stock Market LLC**
(Title of each class)	(Trading symbol)	(Name of each exchange on which registered)

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

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

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller Reporting Company ☐
	Emerging Growth Company ☐

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

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

As of July 24, 2020, there were 44,468,100 shares of the registrant's common stock outstanding.

[redacted]

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Boingo Wireless, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands, except per share amounts)

	June 30, 2020	Decen 2
Assets		
Current assets:		
Cash and cash equivalents	$ 151,947	$
Marketable securities	20,100	
Accounts receivable, net	22,236	
Prepaid expenses and other current assets	8,363	
Total current assets	202,646	
Property and equipment, net	392,940	
Operating lease right-of-use assets, net	13,989	
Goodwill	58,579	
Intangible assets, net	12,724	
Other assets	11,130	
Total assets	$ 692,008	$
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 27,434	$
Accrued expenses and other liabilities	56,356	
Deferred revenue	66,141	
Current portion of operating leases	2,597	
Current portion of long-term debt	60,778	
Current portion of finance leases	1,790	
Current portion of notes payable	707	
Total current liabilities	215,803	
Deferred revenue, net of current portion	167,287	
Long-term portion of operating leases	15,933	
Long-term debt	207,115	
Long-term portion of finance leases	—	
Long-term portion of notes payable	—	
Deferred tax liabilities	1,005	
Other liabilities	184	
Total liabilities	607,327	
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000 shares authorized; no shares issued and outstanding	—	
Common stock, $0.0001 par value; 100,000 shares authorized; 44,465 and 44,224 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	4	
Additional paid-in capital	237,985	
Accumulated deficit	(151,446)	
Accumulated other comprehensive loss	(2,448)	
Total common stockholders' equity	84,095	
Non-controlling interests	586	
Total stockholders' equity	84,681	
Total liabilities and stockholders' equity	$ 692,008	$

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

Boingo Wireless, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months End June 30,	
	2020	2019	2020	2
Revenue	$ 58,672	$ 68,554	$ 118,558	$
Costs and operating expenses:				
Network access	27,885	29,802	56,644	
Network operations	13,549	14,249	26,836	
Development and technology	6,498	8,353	13,483	
Selling and marketing	5,852	6,194	11,431	
General and administrative	7,289	7,015	14,039	
Amortization of intangible assets	1,105	1,131	2,216	
Total costs and operating expenses	62,178	66,744	124,649	
(Loss) income from operations	(3,506)	1,810	(6,091)	
Interest expense and amortization of debt discount	(2,773)	(2,155)	(5,122)	
Interest income and other expense, net	121	493	375	
(Loss) income before income taxes	(6,158)	148	(10,838)	
Income tax (expense) benefit	(71)	81	(116)	
Net (loss) income	(6,229)	229	(10,954)	
Net (loss) income attributable to non-controlling interests	(389)	13	(481)	
Net (loss) income attributable to common stockholders	$ (5,840)	$ 216	$ (10,473)	$
Net (loss) income per share attributable to common stockholders:				
Basic	$ (0.13)	$ 0.00	$ (0.24)	$
Diluted	$ (0.13)	$ 0.00	$ (0.24)	$
Weighted average shares used in computing net (loss) income per share attributable to common stockholders:				
Basic	44,391	44,041	44,331	
Diluted	44,391	44,378	44,331	

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

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Boingo Wireless, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(In thousands)

	Three Months Ended June 30,		Six Months Ende	
	2020	2019	2020	2
Net (loss) income	$ (6,229)	$ 229	$ (10,954)	$
Other comprehensive (loss) income, net of tax				
Foreign currency translation adjustments	(81)	70	(972)	
Unrealized gain on marketable securities	101	29	41	
Comprehensive (loss) income	(6,209)	328	(11,885)	
Comprehensive (loss) income attributable to non-controlling interest	(366)	7	(390)	
Comprehensive (loss) income attributable to common stockholders	$ (5,843)	$ 321	$ (11,495)	$

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

Boingo Wireless, Inc.
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)
(In thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interests	T Stocl E
Balance at December 31, 2019	44,224	$ 4	$ 234,638	$ (140,973)	$ (1,426)	$ 1,238	$
Issuance of common stock under stock incentive plans	90	—	185	—	—	—	
Shares withheld for taxes	—	—	(461)	—	—	—	
Stock-based compensation expense	—	—	1,686	—	—	—	
Non-controlling interest distributions	—	—	—	—	—	(262)	
Net loss	—	—	—	(4,633)	—	(92)	
Other comprehensive (loss) income	—	—	—	—	(1,019)	68	
Balance at March 31,2020	44,314	4	236,048	(145,606)	(2,445)	952	
Issuance of common stock under stock incentive plans	151	—	262	—	—	—	
Shares withheld for taxes	—	—	(472)	—	—	—	
Stock-based compensation expense	—	—	2,147	—	—	—	
Net loss	—	—	—	(5,840)	—	(389)	
Other comprehensive (loss) income	—	—	—	—	(3)	23	
Balance at June 30, 2020	44,465	$ 4	$ 237,985	$ (151,446)	$ (2,448)	$ 586	$
Balance at December 31, 2018	42,669	$ 4	$ 259,132	$ (129,930)	$ (1,295)	$ 2,211	$
Issuance of common stock under stock incentive plans	1,310	—	6	—	—	—	
Shares withheld for taxes	—	—	(32,907)	—	—	—	
Stock-based compensation expense	—	—	2,574	—	—	—	
Net loss	—	—	—	(5,153)	—	(86)	
Other comprehensive (loss) income	—	—	—	—	(22)	4	
Balance at March 31, 2019	43,979	4	228,805	(135,083)	(1,317)	2,129	
Issuance of common stock under stock incentive plans	128	—	74	—	—	—	
Shares withheld for taxes	—	—	(759)	—	—	—	
Stock-based compensation expense	—	—	2,271	—	—	—	
Non-controlling interest distributions	—	—	—	—	—	(1,003)	
Net income	—	—	—	216	—	13	
Other comprehensive income (loss)	—	—	—	—	105	(6)	
Balance at June 30, 2019	44,107	$ 4	$ 230,391	$ (134,867)	$ (1,212)	$ 1,133	$

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

Boingo Wireless, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Six Months Ended June 30, 2020	201
Cash flows from operating activities		
Net loss	$ (10,954)	$
Adjustments to reconcile net loss including non-controlling interests to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	38,175	
Amortization of intangible assets	2,216	
Impairment loss, loss on disposal of fixed assets and intangible assets held for sale, net, and other	42	
Stock-based compensation	3,517	
Amortization of deferred financing costs and debt discount, net of amounts capitalized	4,877	
Non-cash operating lease cost	1,207	
Gains and amortization of premiums/discounts for marketable securities	(79)	
Change in deferred income taxes	(12)	
Changes in operating assets and liabilities:		
Accounts receivable	10,732	
Prepaid expenses and other assets	(2,344)	
Accounts payable	(117)	
Accrued expenses and other liabilities	(4,590)	
Deferred revenue	5,539	
Operating lease liabilities	(1,520)	
Net cash provided by operating activities	46,689	
Cash flows from investing activities		
Purchases of marketable securities	(15,032)	
Proceeds from maturities of marketable securities	35,265	
Purchases of property and equipment	(51,681)	
Net cash used in investing activities	(31,448)	
Cash flows from financing activities		
Debt issuance costs	—	
Proceeds from credit facility	100,000	
Principal payments on credit facility	(389)	
Payments of acquisition related consideration	—	
Proceeds from exercise of stock options	447	
Payments of finance leases and notes payable	(2,418)	
Payments of withholding tax on net issuance of restricted stock units	(933)	
Payments to non-controlling interest	(262)	
Net cash provided by (used in) financing activities	96,445	
Effect of exchange rates on cash	(140)	
Net increase (decrease) in cash and cash equivalents	111,546	
Cash and cash equivalents at beginning of period	40,401	
Cash and cash equivalents at end of period	$ 151,947	$
Supplemental disclosure of non-cash investing and financing activities		
Property and equipment costs included in accounts payable, accrued expenses and other liabilities	$ 38,610	$
Capitalized stock-based compensation included in property and equipment costs	$ 316	$
Purchase price for business acquisition included in accrued expenses and other liabilities	$ —	$
Financed sale of intangible assets held for sale	$ 255	$

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

Boingo Wireless, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
(In thousands, except shares and per share amounts)

1. The business

Boingo Wireless, Inc. and its subsidiaries (collectively “we, “us”, “our” or “the Company”) is a leading global provider of wireless connectivity solutions for smartphones, tablets, laptops, wearables and other wireless-enabled consumer devices. Boingo Wireless, Inc. was incorporated on April 16, 2001 in the State of Delaware. We have a diverse monetization model that enables us to generate revenues from wholesale partnerships, retail sales, and advertising across these wireless networks. Wholesale offerings include distributed antenna systems (“DAS”) or small cells, which are cellular extension networks, multifamily, carrier offload, Wi-Fi roaming, value-added services, private label Wi-Fi, and location-based services. Retail products include Wi-Fi services for military personnel living in the barracks of U.S. Army, Air Force and Marine bases around the world, and Wi-Fi subscriptions and day passes that provide access to over 1.3 million commercial hotspots worldwide. Advertising revenue is driven by Wi-Fi sponsorships at airports, hotels, cafes and restaurants, and public spaces. Our customers include some of the world’s largest carriers, telecommunications service providers, global consumer brands, and property owners, as well as troops stationed at military bases and Internet savvy consumers on the go.

Impact of COVID-19 on our business

The pandemic caused by an outbreak of a new strain of coronavirus (“COVID-19”) has resulted, and is likely to continue to result, in significant national and global economic disruption and may adversely affect our business. Uncertainty exists concerning the magnitude of the impact and duration of the COVID-19 pandemic. As of the date of this filing, we have seen some negative impacts primarily related to travel bans and restrictions, quarantines, shelter-in-place or stay-at-home orders, and business shutdowns. Specifically, the decrease in passenger traffic at our managed and operated venue locations has directly contributed to a decline in new retail single-use access transactions and recurring monthly subscription sign-ups, a decline in revenues generated from wholesale Wi-Fi partners who pay usage-based fees, a decline in available advertising inventory, and a decline in revenue received from tenants at our managed and operated venue locations resulting from the cancellation of Wi-Fi and other services. Although we continue to close and launch new customer deals, we have also experienced an overall reduction in new deal flow due to COVID-19.

Certain states, including California, issued executive orders requiring all workers to remain at home, unless their work is critical, essential, or life-sustaining and many restrictions continue to remain in place. We transitioned our corporate employees to a work from home model and our employees are continuing to perform their functions in the new environment. While we are unable to determine or predict the nature, duration or scope of the overall impact that the COVID-19 pandemic will have on our business, results of operations, liquidity or capital resources, we will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state, or local authorities or that we determine are in the best interests of our employees, customers, and stockholders.

2. Summary of significant accounting policies

Basis of presentation

The accompanying interim condensed consolidated financial statements and related notes for the three and six months ended June 30, 2020 and 2019 are unaudited. The unaudited interim condensed consolidated financial information has been prepared in accordance with the rules and regulations of the SEC for interim financial information. Accordingly, they do not include all information and footnotes required by generally accepted accounting principles (“GAAP”) in the United States of America (“U.S.”) for complete financial statements. These financial statements should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2019 contained in our annual report on Form 10-K filed with the SEC on March 2, 2020. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and in the opinion of management, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of our results of operations for the three and six months ended June 30, 2020 and 2019, our cash flows for the six months ended June 30, 2020 and 2019, and our financial position as of June 30, 2020. The year-end balance sheet data was derived from audited consolidated financial statements but does not include all disclosures required by GAAP. Interim results are not necessarily indicative of the results to be expected for an entire year or any other future year or interim period.

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which simplifies the accounting for income taxes. The standard removes certain ASC 740 exceptions to reduce the cost and complexity of its application including: i) the exception to the "with-and-without" approach for intraperiod tax allocation when there was a loss from continuing operations and income or a gain from other items such as discontinued operations of other comprehensive income; ii) two exceptions with respect to accounting for outside basis differences of equity method investments and foreign subsidiaries; and iii) the exception to limit the income tax benefit recognized in the interim period in cases where the year-to-date loss exceeded the anticipated loss for the year. The standard also clarified and amended existing guidance including, but not limited to: i) when a step-up in the tax basis of goodwill should be considered part of the business combination in which the book goodwill was originally recognized and when it should be considered a separate transaction; and ii) accounting for tax effects, both deferred and current, in the interim period that includes the enactment date. The standard is effective for annual periods beginning after December 15, 2020, and interim periods within those reporting periods. Early adoption is permitted with any adjustments reflected as of the beginning of the fiscal year of adoption. We adopted ASU 2019-12 on January 1, 2020 and the adoption of this standard did not have a material impact on our condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which requires customers to apply the same criteria for capitalizing implementation costs incurred in a cloud computing arrangement that is hosted by the vendor as they would for an arrangement that has a software license. The standard is effective for interim and annual periods beginning after December 15, 2019 and early adoption is permitted. The standard can be adopted prospectively or retrospectively. We adopted ASU 2018-15 on January 1, 2020 on a prospective basis for any new implementation costs incurred in a cloud computing arrangement that is hosted by the vendor. The adoption of this standard did not have a material impact on our condensed consolidated financial statements for the three and six months ended June 30, 2020.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar investments) and net investments in leases recognized by the lessor in accordance with ASC 842 on leases. In addition, the standard made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities. Available-for-sale accounting recognizes that values may be realized either through collection of contractual cash flows or through the sale of the security. Therefore the amendments limit the amount of the allowance for credit losses to the amount by which fair value is below amortized cost because the classification as available-for-sale is premised on an investment strategy that recognizes that the investment could be sold at fair value, if cash collection would result in the realization of an amount less than fair value. The standard is effective for interim and annual periods beginning after December 15, 2019 and early adoption is permitted. The standard will be adopted under the modified-retrospective approach with the prospective transition approach required for debt securities for which an other-than-temporary impairment had been recognized before the effective date. We adopted ASU 2016-13 on January 1, 2020 and the adoption of this standard did not have a material impact on our condensed consolidated financial statements.

Principles of consolidation

The unaudited condensed consolidated financial statements include our accounts and the accounts of our majority owned subsidiaries. We consolidate our 70% ownership of Chicago Concourse Development Group, LLC and our 75% ownership of Boingo Holding Participacoes Ltda. in accordance with ASC 810, *Consolidation*. Other parties' interests in consolidated entities are reported as non-controlling interests. All intercompany balances and transactions have been eliminated in consolidation.

Marketable securities

Our marketable securities consist of available-for-sale securities with original maturities exceeding three months. According to ASC 320, *Investments—Debt and Equity Securities*, we have classified securities, which have readily determinable fair values and are highly liquid, as short-term because such securities are expected to be realized within a one-year period. At June 30, 2020 and December 31, 2019, we had $20,100 and $40,214, respectively, in marketable securities.

Marketable securities are reported at fair value with the related unrealized gains and losses reported as other comprehensive income (loss) until realized or until a determination is made that an other-than-temporary decline in market value has occurred. No significant unrealized gains and losses have been reported during the periods presented. Factors considered by us in assessing whether an other-than-temporary impairment has occurred include the nature of the investment, whether the decline in fair value is attributable to specific adverse conditions affecting the investment, the financial condition of the investee, the severity and the duration of the impairment and whether we have the ability to hold the investment to maturity. When it is determined that an other-than-temporary impairment has occurred, the investment is written down to its market value at the end of the period in which it is determined that an other-than-temporary decline has occurred. The cost of marketable securities sold is based upon the specific identification method. Any realized gains or losses on the sale of investments are reflected as a component of interest income and other expense, net.

For the three and six months ended June 30, 2020, we had no significant realized or unrealized gains or losses from investments in marketable securities classified as available-for-sale. As of June 30, 2020 and December 31, 2019, we had $62 and $21, respectively of cumulative unrealized gain, net of tax, which was $0 as of June 30, 2020 and December 31, 2019 due to the full valuation allowance established against our deferred tax assets, in accumulated other comprehensive loss.

Segment and geographic information

We operate as one reportable segment; a service provider of wireless connectivity solutions across our managed and operated network and aggregated network for mobile devices such as laptops, smartphones, tablets and other wireless-enabled consumer devices. This single segment is consistent with the internal organizational structure and the manner in which operations are reviewed and managed by our Chief Executive Officer, the chief operating decision maker.

All significant long-lived tangible assets are held in the United States of America. We do not disclose sales by geographic area because to do so would be impracticable.

The following is a summary of our revenue disaggregated by product offerings:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Revenue:				
Military/multifamily	$ 23,713	$ 24,396	$ 46,420	$ 50,293
DAS	22,214	27,622	44,410	51,717
Wholesale—Wi-Fi	9,706	10,718	19,449	21,738
Retail	2,368	3,847	5,327	7,773
Advertising and other	671	1,971	2,952	3,506
Total revenue	$ 58,672	$ 68,554	$ 118,558	$ 135,027

Revenue recognition

We generate revenue from several sources including: (i) DAS customers that are telecom operators under long-term contracts for access to our DAS at our managed and operated locations, (ii) military and retail customers under subscription plans for month-to-month network access that automatically renew, and military and retail single-use access from sales of hourly, daily or other single-use access plans, (iii) arrangements with property owners for multifamily properties that provide for network installation and monthly Wi-Fi services and support for residents and employees, (iv) arrangements with wholesale Wi-Fi customers that provide software licensing, network access, and/or professional services fees, and (v) display advertisements and sponsorships on our walled garden sign-in pages. Software licensed by our wholesale platform services customers can only be used during the term of the service arrangements and has no utility to them upon termination of the service arrangement.

Revenues are recognized when a contract with a customer exists and control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services and the identified performance obligation has been satisfied. Contracts entered into at or near the same time with the same customer are combined and accounted for as a single contract if the contracts have a single commercial objective, the amount of consideration is dependent on the price or performance of the other contract, or the services promised in the contracts are a single performance obligation. Contract amendments are routine in the performance of our DAS, wholesale Wi-Fi, and advertising contracts. Contracts are often amended to account for changes in contract specifications or requirements or expand network access services. In most instances, our DAS and wholesale Wi-Fi contract amendments are for additional goods or services that are distinct, and the contract price increases by an amount that reflects the standalone selling price of the additional goods or services; therefore, such contract amendments are accounted for as separate contracts. Contract amendments for our advertising contracts are also generally for additional goods or services that are distinct; however, the contract price does not increase by an amount that reflects the standalone selling price of the additional goods or services. Advertising contract amendments are therefore generally accounted for as contract modifications under the prospective method. Contract amendments to transaction prices with no change in remaining services are accounted for as contract modifications under the cumulative catch-up method.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606, *Revenue from Contracts with Customers*. A contract's transaction price is allocated to each distinct performance obligation and is recognized as revenue when, or as, the performance obligation is satisfied, which typically occurs when the services are rendered. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Our contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers. Judgment may be used to determine the standalone selling prices for items that are not sold separately, including services provided at no additional charge. Most of our performance obligations are satisfied over time as services are provided. We generally recognize revenue on a gross basis as we are primarily responsible for fulfilling the promises to provide the specified goods or services, we are responsible for paying all costs related to the goods or services before they have been transferred to the customer, and we have discretion in establishing prices for the specified goods or services. Revenue is presented net of any sales and value added taxes.

Payment terms vary on a contract-by-contract basis, although terms generally require payment within 30 to 60 days for non-recurring payments, the first day of the monthly or quarterly billing cycle for recurring payments for DAS and wholesale Wi-Fi contracts, and the first day of the month prior to the month that services are provided for multifamily contracts. We apply a practical expedient for purposes of determining whether a significant financing component may exist for our contracts if, at contract inception, we expect that the period between when we transfer the promised good or service to the customer and when the customer pays for that good or service will be one year or less. In instances where the customer pays for a good or service one year or more in advance of the period when we transfer the promised good or service to the customer, we have determined our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is not to receive financing from our customers or to provide customers with financing but rather to maximize our profitability on the customer contract. Specifically, inclusion of non-refundable upfront fees in our long-term customer contracts increases the likelihood that the customer will be committed through the end of the contractual term and ensures recoverability of the capital outlay that we incur in expectation of the customer fulfilling its contractual obligations. We may also provide service credits to our customers if we fail to meet contractual monthly system uptime requirements and we account for the variable consideration related to these service credits using the most likely amount method.

For contracts that include variable consideration, we estimate the amount of consideration at contract inception under the expected value method or the most likely amount method and include the amount of variable consideration that is not considered to be constrained. Significant judgment is used in constraining estimates of variable consideration. We update our estimates at the end of each reporting period as additional information becomes available.

Timing of revenue recognition may differ from the timing of invoicing to customers. We record unbilled receivables (contract assets) when revenue is recognized prior to invoicing, deferred revenue (contract liabilities) when revenue is recognized after invoicing, and receivables when we have an unconditional right to consideration to invoice and receive payment in the future. We present our DAS, multifamily, and wholesale Wi-Fi contracts in our condensed consolidated balance sheet as either a contract asset or a contract liability with any unconditional rights to consideration presented separately as a receivable. Our other customer contracts generally do not have any significant contract asset or contract liability balances. Generally, a significant portion of the billing for our DAS contracts occurs prior to revenue recognition, resulting in our DAS contracts being presented as contract liabilities. In contrast, our wholesale Wi-Fi contracts that contain recurring fees with annual escalations are generally presented as contract assets as revenue is recognized prior to invoicing. Our multifamily contracts can be presented as either contract liabilities or contract assets primarily as a result of timing of invoicing for the network installations.

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales incentive programs meet the requirements to be capitalized. Total capitalized costs to obtain a contract were immaterial during the three and six months ended June 30, 2020 and are included in prepaid expenses and other current assets and non-current other assets on our condensed consolidated balance sheets. We apply a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less, the most significant of which relates to sales commissions related to obtaining our advertising customer contracts. Contract costs are evaluated for impairment in accordance with ASC 310, *Receivables*.

DAS

We enter into long-term contracts with telecom operators at our managed and operated locations. The initial term of our contracts with telecom operators generally range from five to twenty years and the agreements generally contain renewal options. Some of our contracts provide termination for convenience clauses that may or may not include substantive termination penalties. We apply judgment in determining the contract term, the period during which we have present and enforceable rights and obligations. Our DAS customer contracts generally contain a single performance obligation—provide non-exclusive access to our DAS or small cell networks to provide telecom operators' customers with access to the licensed wireless spectrum, together with providing telecom operators with construction, installation, optimization/engineering, maintenance services and agreed-upon storage space for the telecom operators' transmission equipment, each related to providing such licensed wireless spectrum to the telecom operators. The performance obligation is considered a series of distinct services as the performance obligation is satisfied over time and the same time-based input method would be used to measure our progress toward complete satisfaction of the performance obligation to transfer each distinct service in the series to the customer. Our contract fee structure generally includes a non-refundable upfront fee and we evaluated whether customer options to renew services give rise to a material right that should be accounted for as a separate performance obligation because of those non-refundable upfront fees. We apply significant judgment in determining whether the customer options to renew services give rise to a material right that should be accounted for as a separate performance obligation. We believe that a material right generally does not exist for our DAS customer contracts that contain renewal options because the telecom operators' decision to renew is highly dependent upon our ability to maintain our exclusivity as the DAS service provider at the venue location and our limited operating history with venue and customer renewals. The telecom operators will make the decision to incur the capital improvement costs at the venue location irrespective of our remaining exclusivity period with the venue as the telecom operators expect that the assets will continue to be serviced regardless of whether we will remain such exclusive DAS service provider. Our contracts also provide our DAS customers with the option to purchase additional future services such as upgrades or enhancements. This option is not considered to provide the customer with a material right that should be accounted for as a separate performance obligation since the cost of the additional future services depends entirely on the market rate of such services at the time such services are requested and we are not automatically obligated to stand ready to deliver these additional goods or services as the customer may reject our proposal. Periodically, we install and sell DAS networks to customers where we do not have service contracts or remaining obligations beyond the installation of those networks and we recognize build-out fees for such projects as revenue when the installation work is completed, and the network has been accepted by the customer.

Our contract fee structure may include varying components of an upfront build-out fee and recurring access, maintenance, and other fees. The upfront build-out fee is generally structured as a firm-fixed price or cost-plus arrangement and becomes payable as certain contract and/or construction milestones are achieved. Our DAS and small cell networks are neutral-host networks that can accommodate multiple telecom operators. Some of our DAS customer contracts provide for credits that may be issued to existing telecom operators for additional telecom operators subsequently joining the DAS network. The credits are generally based upon a fixed dollar amount per additional telecom operator, a fixed percentage amount of the original build-out fee paid by the telecom operator per additional telecom operator, or a proportionate share based upon the split among the relevant number of telecom operators for the actual costs incurred by all telecom operators to construct the DAS network. In most cases, there is significant uncertainty on whether additional telecom operator contracts will be executed at inception of the contract with the existing telecom operator. We believe that the upfront build-out fee is fixed consideration once the build-out is complete and any subsequent credits that may be issued would be accounted for in a manner similar to a contract modification under the prospective method because (i) the execution of customer contracts with additional telecom carriers is at our sole election and (ii) we would not execute agreements with additional telecom carriers if it would not increase our revenues and gross profits at the venue level. Further, the credits issued to the existing telecom operator changes the transaction price on a go-forward basis, which corresponds with the decline in service levels for the existing telecom operator once the neutral-host DAS network can be accessed by the additional telecom operator. The recurring access, maintenance, and other fees generally escalate on an annual basis. The recurring fees are variable consideration until the contract term and annual escalation dates are fixed. We estimate the variable consideration for our recurring fees using the most likely amount method based on the expected commencement date for the services. We evaluate our estimates of variable consideration each period and record a cumulative catch-up adjustment in the period in which changes occur for the amount allocated to satisfied performance obligations.

We generally recognize revenue related to our single performance obligation for our DAS customer contract monthly over the contract term once the customer may access the DAS network and we commence maintenance on the DAS network.

Military and retail

Military and retail customers must review and agree to abide by our standard “Customer Agreement (With Acceptable Use Policy) and End User License Agreement” before they are able to sign up for our subscription or single-use Wi-Fi network access services. Our military and retail customer contracts generally contain a single performance obligation—provide non-exclusive access to Wi-Fi services, together with performance of standard maintenance, customer support, and the Wi-Finder app to facilitate seamless connection to the Company’s Wi-Fi network. The performance obligation is considered a series of distinct services as the performance obligation is satisfied over time and the same time-based input method would be used to measure our progress toward complete satisfaction of the performance obligation to transfer each distinct service in the series to the customer. Our contracts also provide our military and retail subscription customers with the option to renew the agreement when the subscription term is over. We do not consider this option to provide the customer with a material right that should be accounted for as a separate performance obligation because the customer would not receive a discount if it decided to renew and the option to renew is cancellable within five days’ notice prior to the end of the then current term by either party.

The contract transaction price is determined based on the subscription or single-use plan selected by the customer. Our military and retail service plans are for fixed price services as described on our website. From time to time, we offer promotional discounts that result in an immediate reduction in the price paid by the customer. Subscription fees from military and retail customers are paid monthly in advance. We provide refunds for our military and retail services on a case-by-case basis. Refunds and credit card chargeback amounts are not significant and are recorded as contra-revenue in the period the refunds are made, or chargebacks are received.

Subscription fee revenue is recognized ratably over the subscription period. Revenue generated from military and retail single-use access is recognized when access is provided, and the performance obligation is satisfied.

Multifamily

We enter into long-term contracts with property owners. The initial term of our contracts with property owners generally range from three to five years and the contracts may contain renewal options. Some of our contracts provide termination for convenience clauses that may or may not include substantive termination penalties. We apply judgment in determining the contract term, which is the period during which we have present and enforceable rights and obligations. Our customer contracts generally contain two performance obligations: (i) install the network required to provide Wi-Fi services; and (ii) provide Wi-Fi services and technical support to the residents and employees. Our contracts may also provide our property owners with the option to renew the agreement. We do not consider this option to provide the property owner with a material right that should be accounted for as a separate performance obligation because the property owner would not receive a discount if it decided to renew and the option to renew is generally cancellable by either party subject to the notice of non-renewal requirements specified in the contract. Our contracts may also provide our customers with the option to purchase additional future services. We do not consider this option to provide the customer with a material right that should be accounted for as a separate performance obligation since the cost of the additional future services are generally at market rates for such services and we are not automatically obligated to stand ready to deliver these additional goods or services because the customer may reject our proposal.

Our contract fee structure includes a network installation fee and recurring Wi-Fi service and support fees. The network installation fee is generally structured as a firm-fixed price arrangement and becomes payable as certain contract and/or installation milestones are achieved. We generally estimate variable consideration for unpriced change orders using the most likely amount method based on the expected price for those services. If network installations are not completed by specified dates, we may be subject to network installation penalties. We estimate the variable consideration for our network installation fees using the most likely amount method based on the amount of network installation penalties we expect to incur. Title to the network generally transfers to the property owner once installation is completed and the network has been accepted. We generally recognize revenue related to our network installation performance obligation using a cost-to-cost method over the network installation period. We may provide latent defect warranties for materials and installation labor services related to our network installation services. Our warranty obligations are generally not accounted for as separate performance obligations as warranties cannot be separately purchased and warranties do not provide a service in addition to the assurance that the network will function as expected.

The recurring fees commence once the network is launched with recurring fees generally based upon a fixed or variable occupancy rate. The recurring Wi-Fi service fees may be adjusted prospectively for changes in circuit and/or video content costs, and Wi-Fi support fees may escalate on an annual basis. We estimate the variable consideration for our recurring fees using the expected value method with the exception of the variable consideration related to actual occupancy rates, which we record when we have the contractual right to bill. We evaluate our estimates of variable consideration each period and record a cumulative catch-up adjustment in the period in which changes occur for the amount allocated to satisfied performance obligations. We recognize revenue related to the recurring fees on a monthly basis over the contract term as the Wi-Fi services and support is rendered, and the performance obligation is satisfied.

Wholesale Wi-Fi

We enter into long-term contracts with enterprise customers such as telecom operators, cable companies, technology companies, and enterprise software/services companies, that pay us usage-based Wi-Fi network access and software licensing fees to allow their customers' access to our footprint worldwide. We also enter into long-term contracts with financial institutions and other enterprise customers who provide access to our Wi-Fi footprint as a value-added service for their customers. The initial term of our contracts with wholesale Wi-Fi customers generally range from one to three years and the agreements generally contain renewal options. Some of our contracts provide termination for convenience clauses that may or may not include substantive termination penalties. We apply judgment in determining the contract term, the period during which we have present and enforceable rights and obligations. Our wholesale Wi-Fi customer contracts generally contain a single performance obligation-provide non-exclusive rights to access our Wi-Fi networks to provide wholesale Wi-Fi customers' end customers with access to the high-speed broadband network that may be bundled together with integration services, support services, and/or performance of standard maintenance. The performance obligation is considered a series of distinct services as the performance obligation is satisfied over time and the same time-based input method or usage-based output method would be used to measure our progress toward complete satisfaction of the performance obligation to transfer each distinct service in the series to the customer. Our contracts may also provide our enterprise customers with the option to renew the agreement. This option is not considered to provide the customer with a material right that should be accounted for as a separate performance obligation because the customer would not receive a discount if it decided to renew and the option to renew is generally cancellable by either party subject to the notice of non-renewal requirements specified in the contract. Our contracts may also provide our wholesale Wi-Fi customers with the option to purchase additional future services. We do not consider this option to provide the customer with a material right that should be accounted for as a separate performance obligation since the cost of the additional future services are generally at market rates for such services and we are not automatically obligated to stand ready to deliver these additional goods or services because the customer may reject our proposal. Periodically, we install and sell Wi-Fi networks to customers where we do not have service contracts or remaining obligations beyond the installation of those networks and we recognize build-out fees for such projects as revenue when the installation work is completed, and the network has been accepted by the customer.

Our contract fee structure may include varying components of a minimum fee and usage-based fees. Minimum fees represent fixed price consideration while usage-based fees represent variable consideration. With respect to variable consideration, our commitment to our wholesale Wi-Fi customers consists of providing continuous access to the network. It is therefore a single performance obligation to stand ready to perform and we allocate the variable fees charged for usage when we have the contractual right to bill. The variable component of revenue is recognized based on the actual usage during the period.

Wholesale Wi-Fi revenue is recognized as it is earned over the relevant contract term with variable consideration recognized when we have the contractual right to bill.

Advertising

We generally enter into short-term cancellable insertion orders with our advertising customers for advertising campaigns that are served at our managed and operated locations and other locations where we solely provide authorized access to a partner’s Wi-Fi network through sponsored and promotional programs. Our sponsorship advertising arrangements are generally priced under a cost per engagement structure, which is a set price per click or engagement, or a cost per install structure for third party application downloads. Our display advertising arrangements are priced based on cost per thousand impressions. Insertion orders may also include bonus items. Our advertising customer contracts may contain multiple performance obligations with each distinct service. These distinct services may include an advertisement video or banner impressions in the contract bundled with the requirement to provide network, space on the website, and integration of customer advertisement onto the website, and each is generally considered to be its own performance obligation. The performance obligations are considered a series of distinct services as the performance obligations are satisfied over time and the same action-based output method would be used to measure our progress toward complete satisfaction of the performance obligation to transfer each distinct service in the series to the customer.

The contract transaction price is comprised of variable consideration based on the stated rates applied against the number of units delivered inclusive of the bonus units subject to the maximums provided for in the insertion order. It is customary for us to provide additional units over and above the amounts contractually required; however, there are a number of factors that can also negatively impact our ability to deliver the units required by the customer such as service outages at the venue resulting from power or circuit failures and customer cancellation of the remaining undelivered units under the insertion order due to campaign performance or budgetary constraints. Typically, the advertising campaign periods are short in duration. We therefore use the contractual rates per the insertion orders and actual units delivered to determine the transaction price each period end. The transaction price is allocated to each performance obligation based on the standalone selling price of each performance obligation.

Advertising revenue is recognized ratably over the service period based on actual units delivered subject to the maximums provided for in the insertion order.

Leases

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets, current portion of operating and finance leases, and long-term portion of operating and finance leases in our condensed consolidated balance sheets. Finance leases are included in property and equipment, net, current portion of operating and finance leases, and long-term portion of operating and finance leases in our condensed consolidated balance sheets.

Operating and finance lease right-of-use ("ROU") assets and ROU liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. The ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. We have lease agreements with lease and non-lease components, which are accounted for separately for the asset classes maintained. We exclude short-term leases with a lease term of 12 months or less at the commencement date from our condensed consolidated balance sheets.

Income taxes

We calculate our interim income tax provision in accordance with ASC 270, *Interim Reporting*, and ASC 740, *Accounting for Income Taxes*. At the end of each interim period, we estimate the annual effective tax rate and apply that rate to our ordinary quarterly earnings. The tax expense or benefit related to significant, unusual, or extraordinary items is recognized in the interim period in which those items occur. In addition, the effect of changes in enacted tax laws, rates, or tax status is recognized in the interim period in which the change occurs. Excess windfall tax benefits and tax deficiencies related to our stock option exercises and restricted stock unit ("RSU") vesting are recognized as an income tax benefit or expense in our condensed consolidated statements of operations in the period they are deducted on the income tax return. Excess windfall tax benefits and tax deficiencies are therefore not anticipated when determining the annual effective tax rate and are instead recognized in the interim period in which those items occur.

The computation of the annual estimated effective tax rate at each interim period requires certain estimates and significant judgment, including the expected operating income (loss) for the year, projections of the proportion of income (loss) earned and taxed in various states, permanent and temporary differences as a result of differences between amounts measured and recognized in accordance with tax laws and financial accounting standards, and the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained, or as the tax environment changes.

As of June 30, 2020, we were in a net tested loss position in our subsidiaries located outside of the U.S. In the event that we generate earnings in these subsidiaries, our intention is to indefinitely reinvest these earnings outside the U.S. If we were to remit our foreign earnings, we would be subject to state income taxes or withholding taxes imposed on actual distributions, or currency transaction gains (losses) that would result in taxation upon remittance. However, the amounts of any such tax liabilities resulting from the repatriation of foreign earnings are not material.

Foreign currency translation

Our Brazilian subsidiary uses the Brazilian Real as its functional currency. Assets and liabilities of our Brazilian subsidiary are translated to U.S. dollars at period-end rates of exchange, and revenues and expenses are translated at average exchange rates prevailing for each month. The resulting translation adjustments are made directly to a separate component of other comprehensive loss, which is reflected in stockholders' equity in our condensed consolidated balance sheets. As of June 30, 2020 and December 31, 2019, the Company had $(2,510) and $(1,447), respectively, of cumulative foreign currency translation adjustments, net of tax, which was $0 as of June 30, 2020 and December 31, 2019 due to the full valuation allowance established against our deferred tax assets, in accumulated other comprehensive loss.

The functional currency for our other foreign subsidiaries is the U.S. dollar. Gains and losses from the revaluation of foreign currency transactions and monetary assets and liabilities are included in the condensed consolidated statements of operations.

Use of estimates

The preparation of accompanying condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the accompanying condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Assets and liabilities which are subject to significant judgment and the use of estimates include the allowance for doubtful accounts, recoverability of goodwill and long-lived assets, valuation allowances with respect to deferred tax assets, useful lives associated with property and equipment, valuation of ROU assets and ROU liabilities, valuation and useful lives of intangible assets, contract assets and contract liabilities including estimates of variable consideration, and the valuation and assumptions underlying stock-based compensation and other equity instruments. On an ongoing basis, we evaluate our estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Fair value of financial instruments

Fair value is defined as the price that would be received from selling an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, we consider the principal or most advantageous market in which it would transact, and we consider assumptions that market participants would use when pricing the asset or liability.

The accounting guidance for fair value measurement also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

- Level 2—Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly.

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amount reflected in the accompanying condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, other assets, accounts payable, accrued expenses and other liabilities, and deferred revenue approximates fair value due to the short duration and nature of these financial instruments.

3. Restructuring

In December 2019, the Company approved and adopted a plan to restructure the Company's business operations to drive long term sustainable revenue growth, better align resources, improve operational efficiencies and to increase profitability. Under this plan, the Company's management and employees will be focused primarily on managing its key business of i) providing services to the wireless carriers, ii) generating business on military bases, and iii) growing the Company's multifamily business, in addition to managing the profitability of the Company's legacy business such as retail and advertising. As part of the business realignment plan, the Company eliminated approximately 80 positions. We expect these actions to be substantially completed in the third quarter of 2020 and the Company expects to modify its reportable segments in the period that such actions are completed.

Restructuring activity for the six months ended June 30, 2020 were as follows:

	Accrued Employee Severance and Benefits
Balance, December 31, 2019	$ 2,249
Additional accruals	—
Adjustments	—
Cash payments	(2,249)
Non-cash settlements	—
Balance, June 30, 2020	$ —

4. Cash and cash equivalents and marketable securities

Cash and cash equivalents and marketable securities consisted of the following:

	June 30, 2020	December 31, 2019
Cash and cash equivalents:		
Cash	$ 15,206	$ 6,061
Money market accounts	136,741	34,340
Total cash and cash equivalents	$ 151,947	$ 40,401
Short-term marketable securities-available-for-sale:		
Marketable securities	$ 20,100	$ 40,214
Total short-term marketable securities	$ 20,100	$ 40,214

All contractual maturities of marketable securities were less than one year at June 30, 2020. Marketable securities consist primarily of debt securities which include commercial paper and debt instruments including notes issued by foreign or domestic industrial and financial corporations and governments which pay in U.S. dollars and carry a rating of A or better. For the three and six months ended June 30, 2020, interest income was $172 and $468, respectively. For the three and six months ended June 30, 2019, interest income was $540 and $1,254, respectively. Interest income is included in interest income and other expense, net in the accompanying condensed consolidated statements of operations.

5. Contract assets and contract liabilities

The opening and closing balances of our contract asset, net and contract liability, net balances from contracts with customers for the six months ended June 30, 2020 were as follows:

	Contract Assets, Net	Contract Liabilities, Net
Balance at December 31, 2019	$ 967	$ 227,889
Balance at June 30, 2020	864	233,428
Change	$ (103)	$ 5,539

The current and non-current portions of our contract assets, net are included within prepaid expenses and other current assets and other assets, respectively, and current and non-current portions of our contract liabilities, net are included within deferred revenue and deferred revenue, net of current portion, respectively, in our condensed consolidated balance sheets. Contract assets, net is generated from our carrier, multifamily and wholesale Wi-Fi contracts and the change in the contract assets, net balance includes activity related to amounts invoiced offset by revenue recognized from performance obligations satisfied in the current reporting period.

Contract liabilities are recorded when fees are collected, or we have an unconditional right to consideration (a receivable) in advance of delivery of goods or services. The change in contract liabilities, net balance is related to customer activity associated with each of our product offerings including the receipt of cash payments and the satisfaction of our performance obligations. Revenues for the three and six months ended June 30, 2020 include the following:

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Amounts included in the beginning of period contract liability balance	$ 21,136	$ 46,106
Amounts associated with performance obligations satisfied in previous periods	6	19

As of June 30, 2020, the aggregate amount of the transaction price allocated to remaining service performance obligations for our DAS contracts was $219,431. We expect to recognize this revenue as service is provided over the remaining contract term. As of June 30, 2020, our DAS contracts have a remaining duration of less than one year to approximately fourteen years.

Certain of our wholesale Wi-Fi contracts include variable consideration based on usage. This variable consideration has been excluded from the disclosure of remaining performance obligations. As of June 30, 2020, the aggregate amount of the transaction price allocated to remaining service performance obligations for certain of our wholesale Wi-Fi contracts with guaranteed minimum consideration was $8,803. We expect to recognize this revenue as service is provided over the remaining contract term. As of June 30, 2020, our wholesale Wi-Fi contracts have a remaining duration of less than one year to approximately fourteen years.

Information about remaining performance obligations that are part of a contract that has an original expected duration of one year or less have been excluded from the above, which primarily consists of network installations for our multifamily customers and monthly service contracts.

6. Property and equipment

The following is a summary of property and equipment, at cost less accumulated depreciation and amortization:

	June 30, 2020	December 31, 2019
Leasehold improvements	$ 566,850	$ 550,427
Construction in progress	96,869	78,343
Software	62,526	60,814
Computer equipment	14,784	16,707
Furniture, fixtures and office equipment	2,499	2,140
Total property and equipment	743,528	708,431
Less: accumulated depreciation and amortization	(350,588)	(328,188)
Total property and equipment, net	$ 392,940	$ 380,243

Depreciation and amortization expense, which includes depreciation and amortization for property and equipment under finance leases, is allocated as follows in the accompanying condensed consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Network access	$ 11,598	$ 9,482	$ 22,548	$ 21,064
Network operations	4,982	4,322	9,649	8,708
Development and technology	2,724	2,808	5,457	5,587
General and administrative	225	262	521	524
Total depreciation and amortization of property and equipment	$ 19,529	$ 16,874	$ 38,175	$ 35,883

7. Accrued expenses and other liabilities

Accrued expenses and other liabilities consisted of the following:

	June 30, 2020	December 31, 2019
Accrued customer liabilities	$ 22,014	$ 19,403
Accrued construction in progress	13,810	18,197
Revenue share	4,889	9,844
Accrued taxes	4,018	3,642
Salaries and wages	2,411	6,023
Accrued professional fees	1,470	1,196
Accrued partner network	557	687
Other	7,187	6,160
Total accrued expenses and other liabilities	$ 56,356	$ 65,152

8. Convertible Notes

In October 2018, the Company sold, through the initial purchasers, convertible senior notes (“Convertible Notes”) to qualified institutional buyers pursuant to Rule 144A of the Securities Act of 1933, as amended, for gross proceeds of $201,250. The Convertible Notes are senior, unsecured obligations with interest payable semi-annually in cash at a rate of 1.00% per annum on April 1st and October 1st of each year. The Convertible Notes will mature on October 1, 2023 unless they are redeemed, repurchased or converted prior to such date. Prior to April 1, 2023, the Convertible Notes are convertible at the option of holders only during certain periods and upon satisfaction of certain conditions. Thereafter, the Convertible Notes will be convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the Convertible Notes may be settled in shares of the Company’s common stock, cash or a combination of cash and shares of the Company’s common stock, at the Company’s election.

The Convertible Notes have an initial conversion rate of 23.6323 shares of common stock per $1,000 principal amount of the Convertible Notes, which will be subject to customary anti-dilution adjustments in certain circumstances. This represents an initial effective conversion price of approximately $42.31 per share, which represents a premium of approximately 30% to the $32.55 per share closing price of the Company’s common stock on October 2, 2018, the date the Company priced the offering.

The Company may redeem all or any portion of the Convertible Notes, at its option, on or after October 5, 2021, at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if the last reported sale price of the Company’s stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides written notice of redemption.

Holders of Convertible Notes may require the Company to repurchase their Convertible Notes upon the occurrence of certain events that constitute a fundamental change under the indenture governing the Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of repurchase. In connection with certain corporate events or if the Company issues a notice of redemption prior to the maturity date, it will, under certain circumstances, increase the conversion rate for holders who elect to convert their Convertible Notes in connection with such corporate event or notice of redemption.

In connection with the pricing of the Convertible Notes, the Company entered into privately negotiated capped call transactions with a financial institution. The capped call transactions initially cover, subject to customary anti-dilution adjustments, the number of shares of the Company’s common stock that initially underlie the Convertible Notes. The cap price of the capped call transactions is initially $65.10 per share of the Company’s common stock, representing a premium of 100% above the closing price of $32.55 per share of the Company’s common stock on October 2, 2018, and is subject to certain adjustments under the terms of the capped call transactions. The capped call transactions are expected generally to reduce potential dilution to the Company’s common stock upon conversion of the Convertible Notes and/or offset the potential cash payments that the Company could be required to make in excess of the principal amount of any converted Convertible Notes upon conversion thereof, with such reduction and/or offset subject to a cap based on the cap price.

The following table summarizes the Convertible Notes as of June 30, 2020:

	June 30, 2020
Par value of the Convertible Notes	$ 201,250
Unamortized debt discounts	(32,461)
Unamortized debt issuance costs	(3,229)
Net carrying value of Convertible Notes	$ 165,560

The fair value of our Convertible Notes was $180,622 as of June 30, 2020. The estimated fair value of Convertible Notes is based on market rates and the closing trading price of the Convertible Notes as of June 18, 2020 and is classified as Level 2 in the fair value hierarchy. As of June 30, 2020, the if-converted value of the Convertible Notes did not exceed the principal amount.

Debt issuance costs are amortized on an effective interest basis over the term of the Convertible Notes. Debt issuance cost amortization expense, net of amounts capitalized, is included in interest expense and amortization of debt discount in the accompanying condensed consolidated statements of operations for the three and six months ended June 30, 2020. The following table sets forth interest expense related to the Convertible Notes for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Contractual interest expense	$ 503	$ 503	$ 1,006	$ 1,006
Amortization of debt issuance costs	224	211	444	419
Amortization of debt discount	2,196	2,042	4,352	4,048
Total	$ 2,923	$ 2,756	$ 5,802	$ 5,473
Effective interest rate of the liability component	7.1 %	7.1 %	7.1 %	7.1 %

During the three and six months ended June 30, 2020, we capitalized $504 and $1,154, respectively, of amortization and interest expense related to the Convertible Notes. During the three and six months ended June 30, 2019, we capitalized $743 and $1,208, respectively, of amortization and interest expense related to the Convertible Notes.

Amortization expense for our debt discount and debt issuance costs through 2023 are as follows:

	Debt Discounts	Debt Issuance Costs
July 1, 2020—December 31, 2020	$ 4,512	$ 457
January 1, 2021—December 31, 2021	9,528	955
January 1, 2022—December 31, 2022	10,241	1,015
January 1, 2023—December 31, 2023	8,180	802
	$ 32,461	$ 3,229

9. Credit Facility

In February 2019, we entered into a Credit Agreement (the “Credit Agreement”) and related agreements with Bank of America, N.A. acting as agent for lenders named therein, including Bank of America, N.A., Silicon Valley Bank, Bank of the West, Zions Bancorporation, N.A. dba California Bank & Trust, and Barclays Bank PLC (the “Lenders”), for a secured credit facility in the form of a revolving line of credit of up to $150,000 (the “Revolving Line of Credit”) and a term loan of $3,500 (the “Term Loan” and together with the Revolving Line of Credit, the “Credit Facility”). We may use borrowings under the Credit Facility for general working capital and corporate purposes. In general, amounts borrowed under the Credit Facility are secured by a lien against all assets, with certain exclusions.

As of June 30, 2020, we had $100,000 outstanding under the Revolving Line of Credit and $2,333 outstanding under the Term Loan. In July 2020, we repaid $60,000 of the amount outstanding under the Revolving Line of Credit. Accordingly, such amounts are classified within short-term debt on our consolidated consolidation balance sheet as of June 30, 2020. As of December 31, 2019, we had no amounts outstanding under the Revolving Line of Credit and $2,722 outstanding under the Term Loan. Amounts borrowed under the Revolving Line of Credit and Term Loan will bear variable interest at the greater of LIBOR plus 1.75% - 2.75% or Lender’s Prime Rate plus 0.75% - 1.75% per year and we will pay a fee of 0.25% - 0.5% per year on any unused portion of the Revolving Line of Credit. The Term Loan requires quarterly payments of interest and principal until it is repaid in full on the maturity date but may be prepaid in whole or part at any time. Our Credit Facility will mature on April 3, 2023. Repayment of amounts borrowed under the Credit Facility may be accelerated in the event that we are in violation of the representations, warranties and covenants made in the Credit Agreement, including certain financial covenants set forth therein, and under other specified default events including, but not limited to, non-payment or inability to pay debt, breach of cross default provisions, insolvency provisions, and change of control.

The Company is subject to customary financial and non-financial covenants under the Credit Facility, including a minimum quarterly consolidated senior secured leverage ratio, a minimum quarterly consolidated total leverage ratio, a maximum quarterly consolidated fixed charge coverage ratio, and cash on hand minimums.

Principal payments due under our Term Loan through 2023 are as follows:

	Principal Payments
July 1, 2020—December 31, 2020	$ 389
January 1, 2021—December 31, 2021	778
January 1, 2022—December 31, 2022	778
January 1, 2023—December 31, 2023	388
	$ 2,333

Debt issuance costs are amortized on a straight-line basis over the term of the Credit Facility. Amortization expense related to debt issuance costs, net of amounts capitalized, are included in interest expense and amortization of debt discount in the accompanying condensed consolidated statements of operations for the three and six months ended June 30, 2020. Amortization and interest expense capitalized during the three and six months ended June 30, 2020 amounted to $697 and $828, respectively. Amortization and interest expense capitalized during the three and six months ended June 30, 2019 amounted to $36 each. Amortization and interest expense expensed during the three and six months ended June 30, 2020 amounted to $336 and $450, respectively. Amortization and interest expense expensed during the three and six months ended June 30, 2019 amounted to $114 and $170, respectively. The interest rate for the Credit Facility for the six months ended June 30, 2020 ranged from 3.0% to 4.2%.

Amortization expense for our debt issuance costs through 2023 are as follows:

	Amortization Expense
July 1, 2020—December 31, 2020	$ 229
January 1, 2021—December 31, 2021	457
January 1, 2022—December 31, 2022	457
January 1, 2023—December 31, 2023	120
	$ 1,263

10. Leases

We have operating and finance leases for corporate offices, datacenters, data communication equipment and database software. Our operating leases have remaining lease terms of less than one year to eight years and our finance leases have remaining lease terms of five months to one year. Some of our operating leases may include one or more options to renew and can extend the lease term from one year to ten years. The exercise of operating lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Some of our operating lease agreements include options to terminate the leases upon written notice and may include early termination penalties. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. As of June 30, 2020, assets recorded under finance leases were $12,265 and accumulated depreciation and amortization associated with finance leases was $6,386. As of December 31, 2019, assets recorded under finance leases were $12,280 and accumulated depreciation and amortization associated with finance leases was $5,387.

The components of lease expense were as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating lease expense	$ 822	$ 891	$ 1,681	$ 1,776
Finance lease expense:				
Depreciation and amortization of assets included in property and equipment, net	$ 476	$ 517	$ 1,014	$ 1,041
Interest on lease liabilities	18	—	18	56
Total finance lease expense	$ 494	$ 517	$ 1,032	$ 1,097

Interest on lease liabilities capitalized during the three and six months ended June 30, 2020, which is excluded from the above table, amounted to $0 and $24, respectively. Interest on lease liabilities capitalized during the three and six months ended June 30, 2019 amounted to $47 each.

Supplemental cash flow information related to leases was as follows:

	Six Months Ended	
	June 30, 2020	June 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ (1,989)	$ (1,987)
Operating cash flows from finance leases	(42)	(103)
Financing cash flows from finance leases	(1,504)	(2,275)
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	—	17,112

Operating lease ROU assets obtained in exchange for lease obligations for the six months ended June 30, 2019 include the effects of the adoption of ASC 842, *Leases*, effective January 1, 2019, which resulted in the recording of $16,916 of operating lease ROU assets as of January 1, 2019.

Other information related to leases was as follows:

	June 30, 2020
Weighted average remaining lease term:	
Operating leases	5.7 years
Financing leases	0.8 years
Weighted average discount rate:	
Operating leases	5.3 %
Finance leases	3.2 %

Future minimum lease payments under non-cancellable leases as of June 30, 2020 as presented in accordance with ASC 842 were as follows:

	Operating Leases	Finance Leases
July 1, 2020—December 31, 2020	$ 1,576	$ 1,238
January 1, 2021—December 31, 2021	3,695	574
January 1, 2022—December 31, 2022	3,692	—
January 1, 2023—December 31, 2023	3,645	—
January 1, 2024—December 31, 2024	3,655	—
January 1, 2025—December 31, 2025	3,707	—
Thereafter	1,528	—
Total future minimum lease payments	21,498	1,812
Less: Imputed interest	(2,968)	(22)
Total	18,530	1,790
Current portion of operating and finance leases	2,597	1,790
Long-term portion of operating and finance leases	$ 15,933	$ —

11. Notes payable

We enter into financed maintenance arrangements for some of our leased data communication equipment. Future minimum lease payments under notes payable as of June 30, 2020 were as follows:

	Notes Payable
July 1, 2020—December 31, 2020	$ 617
January 1, 2021—December 31, 2021	95
Total future minimum payments	712
Less: Imputed interest	(5)
Total current portion of notes payable	$ 707

12. Fair value measurement

The following table sets forth our financial assets and liabilities that are measured at fair value on a recurring basis:

At June 30, 2020	Level 1	Level 2	Level 3	Total
Assets:				
Money market accounts	$ 136,741	$ —	$ —	$ 136,741
Marketable securities	2,013	18,087	—	20,100
Total assets	$ 138,754	$ 18,087	$ —	$ 156,841

At December 31, 2019	Level 1	Level 2	Level 3	Total
Assets:				
Money market accounts	$ 32,843	$ 1,497	$ —	$ 34,340
Marketable securities	6,262	33,952	—	40,214
Total assets	$ 39,105	$ 35,449	$ —	$ 74,554

Our marketable securities utilize Level 1 and Level 2 inputs and consist primarily of corporate debt securities, which primarily include commercial paper and debt instruments including notes issued by foreign or domestic industrial and financial corporations and governments which pay in U.S. dollars and carry a rating of A or better. We have evaluated the various types of securities in our investment portfolio to determine an appropriate fair value hierarchy level based upon trading activity and the observability of market inputs. Due to variations in trading volumes and the lack of quoted market prices in active markets, our fixed maturity securities are classified as Level 2 securities. Our marketable securities are valued at amortized cost, which approximates fair value. The fair value of our fixed maturity marketable securities is derived through the use of a third-party pricing source using recent reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable data.

13. Income taxes

Income tax expense of $(71) and income tax benefit of $81 reflects an effective tax rate of (1.2)% and 54.7% for the three months ended June 30, 2020 and 2019, respectively. Income tax expense of $(116) and $(111) reflect effective tax rates of (1.1)% and (2.3)% for the six months ended June 30, 2020 and 2019, respectively. Our effective tax rate differs from the statutory rate primarily due to our valuation allowance and minimum state taxes for the three and six months ended June 30, 2020 and 2019.

We operate within federal, state and international taxing jurisdictions and are subject to audit in these jurisdictions. These audits can involve complex issues which may require an extended period to resolve. We are subject to taxation in the United States and in various states. Our tax years 2016 and forward are subject to examination by the IRS and our tax years 2015 and forward are subject to examination by material state jurisdictions. However, due to prior year loss carryovers, the IRS and state tax authorities may examine any tax years for which the carryovers are used to offset future taxable income.

14. Commitments and contingencies

Letters of credit

We have entered into Letter of Credit Authorization agreements (collectively, “Letters of Credit”), which are issued under our Credit Agreement. The Letters of Credit are irrevocable and serve as performance guarantees that will allow our customers to draw upon the available funds if we are in default. As of June 30, 2020, we have Letters of Credit totaling $13,374 that are scheduled to expire or renew over the next one-year period. There have been no drafts drawn under these Letters of Credit as of June 30, 2020.

Legal proceedings

From time to time, we may be subject to claims, suits, investigations and proceedings arising out of the normal course of business. A Brazilian company filed suit in Brazil claiming damages at one of our venues after we replaced them as the service provider for the provision of fixed telecom services at the venue. As of June 30, 2020, we have accrued $1,100 for the probable and estimable losses that have been incurred, which have been recorded as selling and marketing expenses in the condensed consolidated statements of operations. We are not currently a party to any other litigation that we believe could have a material adverse effect on our business, financial position, results of operations or cash flows. Legal costs are expensed as incurred.

Other matters

We have received a claim from one of our venue partners with respect to contractual terms on our revenue share payments. The claim asserts that we have underpaid revenue share payments and related interest by approximately $4,600. We are currently in settlement discussions with our venue partner. As of June 30, 2020, we have accrued for the probable and estimable losses that have been incurred. We are not currently a party to any other claims that we believe could have a material adverse effect on our business, financial position, results of operations or cash flows.

15. Stock incentive plans

In March 2011, our board of directors approved the 2011 Equity Incentive Plan (“2011 Plan”). The 2011 Plan provides for the grant of incentive and non-statutory stock options, stock appreciation rights, restricted shares of our common stock, stock units, and performance cash awards. As of June 30, 2020, options to purchase approximately 151,000 shares of common stock and RSUs covering approximately 1,357,000 shares of common stock were outstanding under the 2011 Plan.

No further awards will be made under our Amended and Restated 2001 Stock Incentive Plan (“2001 Plan”), and it will be terminated. Options outstanding under the 2001 Plan will continue to be governed by their existing terms.

Stock-based compensation expense is allocated as follows on the accompanying condensed consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Network operations	$ 392	$ 348	$ 740	$ 854
Development and technology	220	334	378	637
Selling and marketing	472	548	894	1,077
General and administrative	896	806	1,505	1,812
Total stock-based compensation expense	$ 1,980	$ 2,036	$ 3,517	$ 4,380

During the six months ended June 30, 2020, the Company recorded certain out-of-period adjustments that decreased stock-based compensation expense and net loss attributable to common stockholders by $481. The impact of these out-of-period adjustments is not considered material, individually, and in the aggregate, to any of the current or prior periods.

During the three and six months ended June 30, 2020, we capitalized $167 and $316, respectively, of stock-based compensation expense. During the three and six months ended June 30, 2019, we capitalized $235 and $465, respectively, of stock-based compensation expense.

Stock option awards

We grant stock option awards to both employees and non-employee directors. The grant date for these awards is the same as the measurement date. The stock option awards generally vest over a four-year service period with 25% vesting when the individual completes 12 months of continuous service and the remaining 75% vesting monthly thereafter. These awards are valued as of the measurement date and the stock-based compensation expense, net of forfeitures, is recognized on a straight-line basis over the requisite service period.

A summary of the stock option activity is as follows:

	Number of Options (000's)	Weighted Average Exercise Price	Weighted-Average Remaining Contract Life (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2019	235	$ 7.67	2.6	$ 870
Exercised	(63)	$ 7.03		
Canceled/forfeited	(21)	$ 12.15		
Outstanding and exercisable at June 30, 2020	151	$ 7.33	2.6	$ 910

Restricted stock unit awards

We grant service-based RSUs to executive and non-executive personnel and non-employee directors. The service-based RSUs granted to executive and non-executive personnel generally vest over a three-year period subject to continuous service on each vesting date. The service-based RSUs for our non-employee directors generally vest over a one-year period for existing members and 33.3% per year over a three-year period for new members subject to continuous service on each vesting date.

We grant performance-based RSUs to executive personnel. These awards vest subject to certain performance objectives based on revenue, Adjusted EBITDA, and/or relative total stockholder return performance goals achieved during the specified performance period and certain long-term service conditions. The maximum number of RSUs that may vest is determined based on actual Company achievement and performance-based RSUs generally vest over a three-year period subject to continuous service on each vesting date and achievement of the performance conditions. We recognize stock-based compensation expense for performance-based RSUs when performance targets are defined and the grant date is established and we believe that it is probable that the performance objectives will be met.

A summary of the RSU activity is as follows:

	Number of Shares (000's)	Weighted Average Grant-Date Fair Value
Non-vested at December 31, 2019	633	$ 22.04
Granted(1)(2)	815	$ 10.93
Vested	(255)	$ 18.96
Canceled/forfeited	(50)	$ 18.10
Non-vested at June 30, 2020	1,143	$ 14.98

[redacted]ed to our executive officers in 2018 were subject to satisfaction of specified service-based and performance-based conditions. The perf objectives were subject to under- or over- achievement on a sliding scale, with a threshold of 50% of the target number of RSUs and a maximum of 150% of the target RSUs March 2020, our Compensation Committee determined actual achievement of the 2018 performance-based RSUs at 100.5% during the six months ended June 30, 2020.

(2) The performance-based RSUs granted to our executive officers in 2019 and 2020 were subject to the satisfaction of specified service-based and performance-based conditi a three-year performance period. Achievement of the revenue and Adjusted EBITDA goals for the 2019 and 2020 performance-based RSUs is based upon the budgets esta for each of the years in the three-year performance period. As the Company approves budgets on an annual basis, the performance targets for the 2019 performance-based related to the 2020 and 2021 revenue and Adjusted EBITDA goals and the performance targets for the 2020 performance-based RSUs related to the 2021 and 2022 revenue Adjusted EBITDA goals were not considered defined as of the date these awards were awarded by the Compensation Committee. The grant date requirements of ASC 718 *Compensation-Stock Compensation*, are therefore not met until such approval is obtained. During the six months ended June 30, 2020, the Company's Compensation Com approved the 2020 revenue and Adjusted EBITDA performance targets for the 2019 performance-based RSUs resulting in additional RSUs granted of approximately 36,000 grant-date fair value of $12.41 per share. As of June 30, 2020, 36,000 2019 performance-based RSUs and 178,000 2020 performance-based RSUs have been excluded from RS shares granted and non-vested as the performance targets have not yet been defined.

During the six months ended June 30, 2020, approximately 255,000 shares of RSUs vested. The Company issued approximately 178,000 shares and the remaining shares were withheld to pay minimum statutory federal, state, and local employment payroll taxes on those vested awards.

16. Net (loss) income per share attributable to common stockholders

The following table sets forth the computation of basic and diluted net (loss) income per share attributable to common stockholders:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
	(in thousands)			
Numerator:				
Net (loss) income attributable to common stockholders, basic and diluted	$ (5,840)	$ 216	$ (10,473)	$ (4,937)
Denominator:				
Weighted average common stock, basic	44,391	44,041	44,331	43,786
Effect of dilutive stock options	—	191	—	—
Effect of dilutive RSUs	—	146	—	—
Weighted average common stock, diluted	44,391	44,378	44,331	43,786
Net (loss) income per share attributable to common stockholders:				
Basic	$ (0.13)	$ 0.00	$ (0.24)	$ (0.11)
Diluted	$ (0.13)	0.00	$ (0.24)	(0.11)

[redacted]

For the three months ended June 30, 2020 and the six months ended June 30, 2020 and 2019, we excluded all assumed exercises of stock options and the assumed issuance of common stock under RSUs from the computation of diluted net loss per share as the effect would be anti-dilutive due to the net loss for the period. For the three months ended June 30, 2019, we excluded the assumed issuance of approximately 435,000 shares of common stock under RSUs from the computation of diluted net income per share as the inclusion would have been anti-dilutive. For the three and six months ended June 30, 2020 and 2019, we also excluded the shares that would be issuable assuming conversion of the Convertible Notes and the shares for the capped call as their effect would be anti-dilutive. Diluted EPS for our Convertible Notes is calculated under the treasury method in accordance with ASC 260, *Earnings Per Share*.

In July 2019, the Company approved a stock repurchase program to repurchase up to $20,000 of the Company’s common stock in the open market, exclusive of any commissions, markups, or expenses. The stock repurchased will be retired and will resume the status of authorized but unissued shares of common stock. The Company did not repurchase any of our common stock during the three and six months ended June 30, 2020. As of June 30, 2020, the remaining approved amount for repurchase was approximately $19,255. The stock repurchase program expired on July 31, 2020.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included in "Item 1. Financial Statements" of this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto and the section titled "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities Exchange Commission on March 2, 2020.

Forward-Looking Statements

This Quarterly Report on Form 10-Q and the documents incorporated herein by reference contain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, based on our current expectations, estimates and projections about our operations, industry, financial condition, performance, results of operations, and liquidity. Statements containing words such as "may," "could," "believe," "anticipate," "expect," "intend," "plan," "project," "projections," "business outlook," "estimate," or similar expressions constitute forward-looking statements. These forward-looking statements include, but are not limited to, statements about future financial performance; revenues; metrics; operating expenses; operations and financial performance due to COVID-19; market trends, including those in the markets in which we compete; operating and marketing efficiencies; liquidity; cash flows and uses of cash; dividends; capital expenditures; depreciation and amortization; tax payments; foreign currency exchange rates; hedging arrangements; our ability to repay indebtedness, pay dividends and invest in initiatives; our products and services; pricing; competition; strategies; and new business initiatives, products, services, and features. Potential factors that could affect the matters about which the forward-looking statements are made include, among others, the factors disclosed in the section entitled "Risk Factors" in this Quarterly Report on Form 10-Q and additional factors that accompany the related forward-looking statements in this Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2019. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as the date hereof. Any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that may cause actual performance and results to differ materially from those predicted. Reported results should not be considered an indication of future performance. Except as required by law, we undertake no obligation to publicly release the results of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Overview

Boingo helps the world stay connected to the people and things they love.

We acquire long-term wireless rights at large venues like airports, transportation hubs, stadiums/arenas, military bases, multifamily properties, universities, convention centers, and office campuses; we build high-quality wireless networks such as distributed antenna systems ("DAS"), Wi-Fi, and small cells at those venues; and we monetize the wireless networks through a number of products and services.

For nearly 20 years, we have worked to build a global footprint of wireless networks that we estimate reaches more than a billion consumers annually. We operate 73 DAS networks containing approximately 40,500 DAS nodes, and believe we are the largest operator of indoor DAS networks in the world. Our Wi-Fi network, which includes locations we manage and operate ourselves (our "managed and operated locations") as well as networks managed and operated by third-parties with whom we contract for access (our "roaming" networks), includes over 1.3 million commercial Wi-Fi hotspots in more than 100 countries around the world.

We generate revenue from our wireless networks in a number of ways, including our DAS, small cells, multifamily and wholesale Wi-Fi offerings, which are targeted towards carriers and venues, and military, retail, and advertising offerings, which are targeted towards consumers.

We generate wholesale DAS revenue from telecom operators that pay us build-out fees and recurring access fees so that their cellular customers may use our DAS or small cell networks at locations where we manage and operate the wireless network. For the three months ended June 30, 2020, DAS revenue accounted for approximately 38% of our revenue.

Military revenue, which is driven by military personnel who purchase Wi-Fi services on military bases, and multifamily revenue, which is driven by property owners who purchase network installation services and recurring monthly Wi-Fi services and support, accounted for approximately 40% of our total revenue for the three months ended June 30, 2020. As of June 30, 2020, our military subscriber base was approximately 135,000, a 4.9% decrease over the prior year comparative period. Retail revenue, which is driven by consumers who purchase a recurring monthly subscription plan or one-time Wi-Fi access, accounted for approximately 4% of our total revenue for the three months ended June 30, 2020. As of June 30, 2020, our retail subscriber base was approximately 56,000, a 39.1% decrease over the prior year comparative period.

Our wholesale customers such as telecom operators, cable companies, technology companies, and enterprise software/services companies, pay us usage-based Wi-Fi network access and software licensing fees to allow their customers' access to our footprint worldwide. Wholesale Wi-Fi revenue also includes financial institutions and other enterprise customers who provide Boingo as a value-added service for their customers. For the three months ended June 30, 2020, wholesale Wi-Fi revenue accounted for approximately 17% of our revenue.

We also generate revenue from advertisers that seek to reach consumers via sponsored Wi-Fi access. For the three months ended June 30, 2020, advertising and other revenue accounted for approximately 1% of our revenue.

In support of our overall business strategy, we are focused on the following objectives:

- leverage our neutral-host business model to grow DAS, small cell, and wholesale roaming partnerships;
- expand our carrier offload relationships;
- expand our footprint of managed and operated and aggregated networks; and
- increase our brand awareness.

Key Business Metrics

In addition to monitoring traditional financial measures, we also monitor our operating performance using key performance indicators. Our key performance indicators follow:

DAS nodes. This metric represents the number of active DAS nodes as of the end of the period. A DAS node is a single communications endpoint, typically an antenna, which transmits or receives radio frequency signals wirelessly. This measure is an indicator of the reach of our DAS network.

Subscribers—military and *Subscribers—retail.* These metrics represent the number of paying customers who are on a month-to-month subscription plan at a given period end.

Connects. This metric shows how often individuals connect to our global Wi-Fi network in a given period. The connects include wholesale and retail customers in both customer pay locations and customer free locations where we are a paid service provider or receive sponsorship or promotion fees. We count each connect as a single connect regardless of how many times that individual accesses the network at a given venue during their 24-hour period. This measure is an indicator of paid activity throughout our network.

Revenue

Our revenue consists of DAS revenue, military/multifamily revenue, retail revenue, wholesale Wi-Fi revenue, and advertising and other revenue.

DAS. We generate revenue from telecom operator partners that pay us network build-out fees, inclusive of network upgrades, and access fees for our DAS and small cell networks.

Military/multifamily and retail. We generate revenue from sales to military and retail individuals of month-to-month network access subscriptions that automatically renew and hourly, daily or other single-use access, primarily through charge card transactions. We generate multifamily revenue from property owners who pay us a recurring monthly fee for Wi-Fi services including building and maintaining the network that supports these services and providing support for residents and employees of the properties.

Wholesale—Wi-Fi. We generate revenue from wholesale Wi-Fi partners that license our software and pay usage-based monthly network access fees to allow their customers to access our global Wi-Fi network. Usage-based network access fees may be measured in minutes, connects, megabytes or gigabytes, and in most cases are subject to minimum volume commitments. Other wholesale Wi-Fi partners pay us monthly fees to provide a Wi-Fi infrastructure that we install, manage and operate at their venues for their customers under a service provider arrangement.

Advertising and other. We generate revenue from advertisers that seek to reach visitors to our landing pages at our managed and operated network locations with online advertising, promotional and sponsored programs and at locations where we solely provide authorized access to a partner’s Wi-Fi network through sponsored access and promotional programs. In addition, we receive revenue from partners in certain venues where we manage and operate the Wi-Fi network.

Impact of COVID-19 on Our Business

The pandemic caused by an outbreak of a new strain of coronavirus (“COVID-19”) has resulted, and is likely to continue to result, in significant national and global economic disruption and may adversely affect our business. Uncertainty exists concerning the magnitude of the impact and duration of the COVID-19 pandemic. As of the date of this filing, we have seen some negative impacts primarily related to travel bans and restrictions, quarantines, shelter-in-place or stay-at-home orders, and business shutdowns. Specifically, the decrease in passenger traffic at our managed and operated venue locations has directly contributed to a decline in new retail single-use access transactions and recurring monthly subscription sign-ups, a decline in revenues generated from wholesale Wi-Fi partners who pay usage-based fees, a decline in available advertising inventory, and a decline in revenue received from tenants at our managed and operated venue locations resulting from the cancellation of Wi-Fi and other services. Although we continue to close and launch new customer deals, we have also experienced an overall reduction in new deal flow due to COVID-19.

Certain states, including California, issued executive orders requiring all workers to remain at home, unless their work is critical, essential, or life-sustaining and many restrictions continue to remain in place. We transitioned our corporate employees to a work from home model and our employees continue to perform their functions in the new environment. While we are unable to determine or predict the nature, duration, or scope of the overall impact that the COVID-19 pandemic will have on our business, results of operations, liquidity or capital resources, we will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities or that we determine are in the best interests of our employees, customers and stockholders.

Results of Operations

The following tables set forth our results of operations for the specified periods:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
	(unaudited) (in thousands)			
Consolidated Statement of Operations Data:				
Revenue	$ 58,672	$ 68,554	$ 118,558	$ 135,027
Costs and operating expenses:				
Network access	27,885	29,802	56,644	61,213
Network operations	13,549	14,249	26,836	28,391
Development and technology	6,498	8,353	13,483	17,352
Selling and marketing	5,852	6,194	11,431	12,061
General and administrative	7,289	7,015	14,039	15,309
Amortization of intangible assets	1,105	1,131	2,216	2,262
Total costs and operating expenses	62,178	66,744	124,649	136,588
(Loss) income from operations	(3,506)	1,810	(6,091)	(1,561)
Interest and amortization of debt discount	(2,773)	(2,155)	(5,122)	(4,550)
Interest income and other expense, net	121	493	375	1,212
(Loss) income before income taxes	(6,158)	148	(10,838)	(4,899)
Income tax (expense) benefit	(71)	81	(116)	(111)
Net (loss) income	(6,229)	229	(10,954)	(5,010)
Net (loss) income attributable to non-controlling interests	(389)	13	(481)	(73)
Net (loss) income attributable to common stockholders	$ (5,840)	$ 216	$ (10,473)	$ (4,937)

Depreciation and amortization expense included in costs and operating expenses:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
	(unaudited) (in thousands)			
Network access	$ 11,598	$ 9,482	$ 22,548	$ 21,064
Network operations	4,982	4,322	9,649	8,708
Development and technology	2,724	2,808	5,457	5,587
General and administrative	225	262	521	524
Total(1)	$ 19,529	$ 16,874	$ 38,175	$ 35,883

[redacted]crease in depreciation and amortization of property and equipment for the three and six months ended June 30, 2020, as compared to the and six months ended June 30, 2019, respectively, is primarily a result of our increased fixed assets from our DAS build-out projects, Wi-Fi networks, and software develop 2019 and 2020.

[redacted]

Stock-based compensation expense included in costs and operating expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(unaudited) (in thousands)			
Network operations	$ 392	$ 348	$ 740	$ 854
Development and technology	220	334	378	637
Selling and marketing	472	548	894	1,077
General and administrative	896	806	1,505	1,812
Total(2)	$ 1,980	$ 2,036	$ 3,517	$ 4,380

[redacted] remained relatively consistent and decreased by $0.9 million for the three and six months ended June 30, 2020, as compared to the thre months ended June 30, 2019, respectively. During the six months ended June 30, 2020, the Company recorded certain out-of-period adjustments that decreased stock-base compensation expense and net loss attributable to common stockholders by $0.5 million. The impact of these out-of-period adjustments is not considered material, individu in the aggregate, to any of the current or prior annual periods. The remaining decrease is primarily attributable to a decrease in the Company's headcount resulting from the restructuring plan that was adopted in December 2019. We capitalized $0.2 million and $0.3 million of stock-based compensation expense for each of the three and six mont ended June 30, 2020, respectively. We capitalized $0.2 million and $0.5 million of stock-based compensation expense for each of the three and six months ended June 30, 20 respectively.

The following table sets forth our results of operations for the specified periods as a percentage of our revenue for those periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	201
	(unaudited) (as a percentage of revenue)			
Consolidated Statement of Operations Data:				
Revenue	100.0 %	100.0 %	100.0 %	
Costs and operating expenses:				
Network access	47.5	43.5	47.8	
Network operations	23.1	20.8	22.6	
Development and technology	11.1	12.2	11.4	
Selling and marketing	10.0	9.0	9.6	
General and administrative	12.4	10.2	11.8	
Amortization of intangible assets	1.9	1.6	1.9	
Total costs and operating expenses	106.0	97.4	105.1	
(Loss) income from operations	(6.0)	2.6	(5.1)	
Interest and amortization of debt discount	(4.7)	(3.1)	(4.3)	
Interest income and other expense, net	0.2	0.7	0.3	
(Loss) income before income taxes	(10.5)	0.2	(9.1)	
Income tax (expense) benefit	(0.1)	0.1	(0.1)	
Net (loss) income	(10.6)	0.3	(9.2)	
Net (loss) income attributable to non-controlling interests	(0.7)	0.0	(0.4)	
Net (loss) income attributable to common stockholders	(10.0)%	0.3 %	(8.8)%	

[redacted]

Three Months ended June 30, 2020 and 2019

Revenue

	Three Months Ended June 30,			
	2020	**2019**	**Change**	**% C**
	(unaudited) (in thousands, except percentages)			
Revenue:				
Military/multifamily	$ 23,713	$ 24,396	$ (683)	
DAS	22,214	27,622	(5,408)	
Wholesale—Wi-Fi	9,706	10,718	(1,012)	
Retail	2,368	3,847	(1,479)	
Advertising and other	671	1,971	(1,300)	
Total revenue	$ 58,672	$ 68,554	$ (9,882)	
Key business metrics:				
DAS nodes	40.5	35.2	5.3	
Subscribers—military	135	142	(7)	
Subscribers—retail	56	92	(36)	
Connects	13,750	85,841	(72,091)	

Military/multifamily. Military/multifamily revenue decreased $0.7 million, or 2.8%, for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, primarily due to a $0.5 million decrease in military subscriber revenue, which was driven primarily by the decrease in military subscribers slightly offset by a 3.6% increase in the average monthly revenue per military subscriber in 2020 compared to 2019.

DAS. DAS revenue decreased $5.4 million, or 19.6%, for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, due to a $2.9 million decrease in build-out revenues primarily due to the successful renewal of certain of our customer contracts resulting in the reamortization of the remaining deferred build revenue over a longer contract term in 2019 and a $2.5 million decrease in access fees from our telecom operators. DAS build-out revenues for the three months ended June 30, 2020 includes $0.9 million of short-term build projects that included the sales of equipment that was completed during this period. DAS access fees for the three months ended June 30, 2019 include $3.0 million of one-time access fees.

Wholesale—Wi-Fi. Wholesale Wi-Fi revenue decreased $1.0 million, or 9.4% for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, due to a $1.0 million decrease in partner usage based fees.

Retail. Retail revenue decreased $1.5 million, or 38.4%, for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, primarily due to a decrease in retail subscribers, which has been exacerbated by the significant declines in venue traffic due to COVID-19.

Advertising and other. Advertising and other revenue decreased $1.3 million, or 66.0% for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, primarily due to a $1.2 million decrease in advertising sales at our managed and operated locations resulting from a decline in the number of premium ad units sold and significant declines in venue traffic as a result of COVID-19.

Costs and Operating Expenses

	Three Months Ended June 30,			
	2020	2019	Change	% C
	(unaudited) (in thousands, except percentages)			
Costs and operating expenses:				
Network access	$ 27,885	$ 29,802	$ (1,917)	
Network operations	13,549	14,249	(700)	
Development and technology	6,498	8,353	(1,855)	
Selling and marketing	5,852	6,194	(342)	
General and administrative	7,289	7,015	274	
Amortization of intangible assets	1,105	1,131	(26)	
Total costs and operating expenses	$ 62,178	$ 66,744	$ (4,566)	

Network access. Network access costs decreased $1.9 million, or 6.4%, for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019. The decrease is primarily due to a $3.1 million decrease in revenue share paid to venues in our managed and operated locations, a $0.8 million decrease from customer usage at partner venues, and a $0.6 million decrease in construction and support expenses related to our multifamily operations. The decreases were partially offset by a $2.1 million increase in depreciation expense resulting from our increased fixed assets from our DAS build-out projects, Wi-Fi networks, and software development and a $0.5 million increase in direct and other cost of revenue. Other costs of revenue for the three months ended June 30, 2020 included $0.7 million of costs directly related to our short-term DAS projects that were completed during this period.

Network operations. Network operations expenses decreased $0.7 million, or 4.9%, for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, due to a $0.8 million decrease in personnel related expenses, a $0.2 million decrease in travel and entertainment expenses and a $0.4 million decrease in other network operations expenses, which were partially offset by a $0.7 million increase in depreciation expense.

Development and technology. Development and technology expenses decreased $1.9 million, or 22.2%, for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, primarily due to a $1.4 million decrease in personnel related expenses, a $0.1 million decrease in consulting expenses, and a $0.1 million decrease in travel and entertainment expenses.

Selling and marketing. Selling and marketing expenses decreased $0.3 million, or 5.5%, for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, primarily due to a $0.8 million decrease in personnel related expenses, a $0.3 million decrease in travel and entertainment expenses, and a $0.3 million decrease in marketing expenses. The decreases were partially offset by a $1.1 million increase in litigation loss contingency accruals related to a claim of damages at one of our venues in Brazil.

General and administrative. General and administrative expenses increased $0.3 million, or 3.9%, for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, primarily due to a $1.1 million increase in non-recurring transaction costs and a $0.2 million increase in personnel related expenses. These increases were partially offset by a $0.3 million decrease in employee incentives and other related costs, a $0.2 million decrease in license and tax fees, a $0.2 million decrease in outside services, and a $0.1 million decrease in bad debt expense.

Amortization of intangible assets. Amortization of intangible assets expense remained relatively consistent for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019.

Interest Expense and Amortization of Debt Discount

Interest expense and amortization of debt discount increased $0.6 million, or 28.7% for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, primarily due to interest expense incurred on our outstanding Revolving Line of Credit in 2020. During the three months ended June 30, 2020 and 2019, we capitalized $1.2 million and $0.8 million, respectively, of interest expense.

Interest Income and Other Expense, Net

Interest income and other expense, net decreased $0.4 million, or 75.5% for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, primarily due to a decrease in interest income related to our cash equivalents and marketable securities balances in 2020.

Income Tax (Expense) Benefit

There were no significant changes in income tax (expense) benefit and our effective tax rate for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019.

Non-controlling Interests

Non-controlling interests decreased $0.4 million for the three months ended June 30, 2020, as compared to the three month ended June 30, 2019, primarily due to a $1.1 million increase in litigation loss contingency accruals related to a claim of damages for back charges for port usage at one of our venues in Brazil.

Net (Loss) Income Attributable to Common Stockholders

We generated a net loss attributable to common stockholders of $(5.8) million for the three months ended June 30, 2020 as compared to a net income attributable to common stockholders of $0.2 million for the three months ended June 30, 2019, primarily due to the $9.9 million decrease in revenues and the $0.6 million increase in interest expense and amortization of debt discount, which was partially offset by the $4.6 million decrease in costs and operating expenses.

Six Months ended June 30, 2020 and 2019

Revenue

	Six Months Ended June 30,			
	2020	2019	Change	%
	(unaudited) (in thousands, except percentages)			
Revenue:				
Military/multifamily	$ 46,420	$ 50,293	$ (3,873)	
DAS	44,410	51,717	(7,307)	
Wholesale—Wi-Fi	19,449	21,738	(2,289)	
Retail	5,327	7,773	(2,446)	
Advertising and other	2,952	3,506	(554)	
Total revenue	$ 118,558	$ 135,027	$ (16,469)	
Key business metrics:				
DAS nodes	40.5	35.2	5.3	
Subscribers—military	135	142	(7)	
Subscribers—retail	56	92	(36)	
Connects	80,262	164,466	(84,204)	

Military/multifamily. Military/multifamily revenue decreased $3.9 million, or 7.7%, for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, due to a $2.3 million decrease in multifamily construction revenues resulting from a decrease in the number of properties under construction, and a $1.6 million decrease in military subscriber revenue, which was driven primarily by the decrease in military subscribers partially offset by a 3.1% increase in the average monthly revenue per military subscriber in 2020 compared to 2019.

DAS. DAS revenue decreased $7.3 million, or 14.1%, for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, due to a $6.5 million decrease in build-out revenues primarily due to the successful renewal of certain of our customer contracts resulting in the reamortization of the remaining deferred build revenue over a longer contract term in 2019 and a $0.8 million decrease in access fees from our telecom operators. DAS build-out revenues for the six months ended June 30, 2020 includes $2.0 million of short-term build projects that included the sales of equipment that was completed during this period. DAS access fees for the six months ended June 30, 2019 include $3.0 million of one-time access fees.

Wholesale— Wi-Fi. Wholesale Wi-Fi revenue decreased $2.3 million, or 10.5% for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, primarily due to a $2.4 million decrease in partner usage-based fees.

Retail. Retail revenue decreased $2.4 million, or 31.5%, for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, primarily due to a decrease in retail subscribers, which has been exacerbated by the significant declines in venue traffic due to COVID-19.

Advertising and other. Advertising and other revenue decreased $0.6 million, or 15.8% for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, primarily due to a $0.5 million decrease in advertising sales at our managed and operated locations resulting from a decline in the number of premium ad units sold and significant declines in venue traffic as a result of COVID-19.

Costs and Operating Expenses

	Six Months Ended June 30,			
	2020	2019	Change	%
	(unaudited) (in thousands, except percentages)			
Costs and operating expenses:				
Network access	$ 56,644	$ 61,213	$ (4,569)	
Network operations	26,836	28,391	(1,555)	
Development and technology	13,483	17,352	(3,869)	
Selling and marketing	11,431	12,061	(630)	
General and administrative	14,039	15,309	(1,270)	
Amortization of intangible assets	2,216	2,262	(46)	
Total costs and operating expenses	$ 124,649	$ 136,588	$ (11,939)	

Network access. Network access costs decreased $4.6 million, or 7.5%, for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019. The decrease is primarily due to a $2.8 million decrease in revenue share paid to venues in our managed and operated locations, a $2.5 million decrease in construction and support expenses related to our multifamily operations and a $1.0 million decrease from customer usage at partner venues. The decreases were partially offset by a $1.5 million increase in depreciation expense resulting from our increased fixed assets from our DAS build-out projects, Wi-Fi networks, and software development and a $0.4 million increase in direct and other cost of revenue. Other costs of revenue for the six months ended June 30, 2020 included $1.6 million of costs directly related to our short-term DAS projects that were completed during this period.

Network operations. Network operations expenses decreased $1.6 million, or 5.5%, for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, primarily due to a $1.8 million decrease in personnel related expenses, a $0.4 million decrease in travel and entertainment expenses, and a $0.2 million decrease in consulting expenses, which were partially offset by a $0.9 million increase in depreciation expense.

Development and technology. Development and technology expenses decreased $3.9 million, or 22.3%, for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, due to a $2.7 million decrease in personnel related expenses, a $0.6 million decrease in other development and technology expenses, a $0.4 million decrease in consulting expenses, and a $0.2 million decrease in travel and entertainment expenses.

Selling and marketing. Selling and marketing expenses decreased $0.6 million, or 5.2%, for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, primarily due to a $1.1 million decrease in personnel related expenses, a $0.5 million decrease in travel and entertainment expenses, and a $0.4 million decrease in marketing expenses. These decreases were partially offset by a $1.1 million increase in litigation loss contingency accruals related to a claim of damages at one of our venues in Brazil and a $0.2 million increase in consulting expenses.

General and administrative. General and administrative expenses decreased $1.3 million, or 8.3%, for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, primarily due to a $0.9 million decrease in personnel related expenses, a $0.4 million decrease in professional fees, a $0.4 million decrease in license and tax fees, a $0.3 million decrease in employee incentives and other related costs, and a $0.2 million decrease in consulting expenses. These decreases were partially offset by a $1.1 million increase in non-recurring transaction costs.

Amortization of intangible assets. Amortization of intangible assets expense remained relatively consistent for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019.

Interest Expense and Amortization of Debt Discount

Interest expense and amortization of debt discount increased $0.6 million, or 12.6% for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, primarily due to interest expense incurred on our outstanding Revolving Line of Credit in 2020. During the six months ended June 30, 2020 and 2019, we capitalized $2.0 million and $1.3 million, respectively, of interest expense.

Interest Income and Other Expense, Net

Interest income and other expense, net decreased $0.8 million for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, primarily due to decreased interest income related to our cash equivalents and marketable securities balances in 2020.

Income Tax Expense

There were no significant changes in income tax expense and our effective tax rate for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019.

Non-controlling Interests

Non-controlling interests decreased $0.4 million for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019, primarily due to a $1.1 million increase in litigation loss contingency accruals related to a claim of damages for back charges for port usage at one of our venues in Brazil.

Net Loss Attributable to Common Stockholders

Our net loss attributable to common stockholders for the six months ended June 30, 2020 increased $5.5 million as compared to the six months ended June 30, 2019, primarily due to the $16.5 million decrease in revenues, the $0.8 million decrease in interest income and other expense, net, and the $0.6 million increase in interest expenses and amortization of debt discount, which were partially offset by the $11.9 million decrease in costs and operating expenses and $0.4 million increase in net loss attributable to non-controlling interests.

Reconciliation of Non-GAAP Financial Measures

We define Adjusted EBITDA as net (loss) income attributable to common stockholders plus depreciation and amortization of property and equipment, stock-based compensation expense, amortization of intangible assets, income tax expense, interest expense and amortization of debt discount, interest income and other expense, net, non-controlling interests, and excludes charges or gains that are non-recurring, infrequent, or unusual.

We believe that Adjusted EBITDA is useful to investors and other users of our financial statements in evaluating our operating performance because it provides them with an additional tool to compare business performance across companies and across periods. We believe that:

- Adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance, facilitates p to-period comparisons of operations and facilitates comparisons with other companies, many of which use similar non-generally accepted accounting principles i United States (“GAAP”) financial measures to supplement their GAAP results; and

- it is useful to exclude (i) non-cash charges, such as depreciation and amortization of property and equipment, amortization of intangible assets and stock-based compensation, from Adjusted EBITDA because the amount of such expenses in any specific period may not directly correlate to the underlying performance of o business operations, and these expenses can vary significantly between periods as a result of full amortization of previously acquired tangible and intangible ass the timing of new stock-based awards and (ii) transaction costs and litigation loss contingencies because they represent non-recurring charges and are not indica the underlying performance of our business operations.

We use Adjusted EBITDA in conjunction with traditional GAAP measures as part of our overall assessment of our performance, for planning purposes, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance.

We do not place undue reliance on Adjusted EBITDA as our only measure of operating performance. Adjusted EBITDA should not be considered as a substitute for other measures of financial performance reported in accordance with GAAP. There are limitations to using non-GAAP financial measures, including that other companies may calculate these measures differently than we do.

We compensate for the inherent limitations associated with using Adjusted EBITDA through disclosure of these limitations, presentation of our financial statements in accordance with GAAP and reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, net (loss) income attributable to common stockholders.

The following provides a reconciliation of net (loss) income attributable to common stockholders to Adjusted EBITDA:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(unaudited) (in thousands)			
Net (loss) income attributable to common stockholders	$ (5,840)	$ 216	$ (10,473)	$ (4,937)
Depreciation and amortization of property and equipment	19,529	16,874	38,175	35,883
Stock-based compensation expense	1,980	2,036	3,517	4,380
Amortization of intangible assets	1,105	1,131	2,216	2,262
Income tax expense (benefit)	71	(81)	116	111
Interest expense and amortization of debt discount	2,773	2,155	5,122	4,550
Interest income and other expense, net	(121)	(493)	(375)	(1,212)
Non-controlling interests	(389)	13	(481)	(73)
Transaction costs	1,072	—	1,072	—
Litigation loss contingencies	1,100	—	1,100	—
Adjusted EBITDA	$ 21,280	$ 21,851	$ 39,989	$ 40,964

Adjusted EBITDA was $21.3 million for the three months ended June 30, 2020, a decrease of 2.6% from $21.9 million recorded in the three months ended June 30, 2019. As a percent of revenue, Adjusted EBITDA was 36.3% for the three months ended June 30, 2020, up from 31.9% of revenue for the three months ended June 30, 2019. The Adjusted EBITDA decrease was primarily due to the $6.1 million change in net loss attributable to common stockholders. The change was partially offset by the $2.6 million increase in depreciation and amortization expense, the $0.6 million increase in interest expense and amortization of debt discount, and the $0.4 million decrease in interest income and other expense, net. Adjusted EBITDA for the three months ended June 30, 2020 also excludes $1.1 million of litigation loss contingencies and $1.1 million of non-recurring transaction costs.

Adjusted EBITDA was $40.0 million for the six months ended June 30, 2020, a decrease of 2.4% from $41.0 million recorded in the six months ended June 30, 2019. As a percent of revenue, Adjusted EBITDA was 33.7% for the six months ended June 30, 2020, up from 30.3% of revenue for the six months ended June 30, 2019. The Adjusted EBITDA decrease was due primarily to the $5.5 million increase in our net loss attributable to common stockholders and the $0.9 million decrease in stock-based compensation expense, which were partially offset by the $2.2 million increase in depreciation and amortization expense, the $0.8 million decrease in interest income and other expense, net, and the $0.6 increase in interest expense and amortization of debt discount, for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Adjusted EBITDA for the six months ended June 30, 2020 also excludes $1.1 million of litigation loss contingencies and $1.1 million of non-recurring transaction costs.

Liquidity and Capital Resources

We have financed our operations primarily through cash provided by operating activities and borrowings under our Convertible Notes (defined below) and credit facilities. Our primary sources of liquidity as of June 30, 2020 consisted of $151.9 million of cash and cash equivalents, $20.1 million of marketable securities, $50.0 million available for borrowing under our Credit Facility, $13.4 million of which is reserved for our outstanding Letter of Credit Authorization agreements. As of June 30, 2020, we had $2.3 million outstanding under the Term Loan and $100.0 million outstanding under the Revolving Line of Credit. In July 2020, we repaid $60.0 million on the Revolving Line of Credit.

Our principal uses of liquidity have been to fund our operations, working capital requirements, capital expenditures and acquisitions. We expect that these requirements will be our principal needs for liquidity over the near term. Our capital expenditures in the six months ended June 30, 2020 were $51.7 million, of which $39.0 million will be reimbursed through revenue for DAS build-out projects from our telecom operators.

In February 2019, we entered into a Credit Agreement (the “Credit Agreement”) and related agreements with Bank of America, N.A. acting as agent for lenders named therein, including Bank of America, N.A., Silicon Valley Bank, Bank of the West, Zions Bancorporation, N.A. dba California Bank & Trust, and Barclays Bank PLC (the “Lenders”), for a secured credit facility in the form of a revolving line of credit up to $150.0 million (the “Revolving Line of Credit”) and a term loan of $3.5 million (the “Term Loan” and together with the Revolving Line of Credit, the “Credit Facility”). Our Credit Facility will mature on April 3, 2023. Amounts borrowed under the Revolving Line of Credit and Term Loan will bear variable interest at the greater of LIBOR plus 1.75% - 2.75% or Lender’s Prime Rate plus 0.75% - 1.75% per year and we will pay a fee of 0.25% - 0.5% per year on any unused portion of the Revolving Line of Credit.

Repayment of amounts borrowed under the Credit Facility may be accelerated in the event that we are in violation of the representation, warranties and covenants made in the Credit Agreement, including certain financial covenants set forth therein, and under other specific default events including, but not limited to, non-payment or inability to pay debt, breach of cross default provisions, insolvency provisions, and change in control. We are subject to customary covenants, including a minimum quarterly consolidated senior secured leverage ratio, a minimum quarterly consolidated total leverage ratio, a maximum quarterly consolidated fixed charge coverage ratio, and cash on hand minimums. The Credit Facility provides us with significant additional flexibility and liquidity to pursue our strategic objectives for capital expenditures and acquisitions that we may pursue from time to time.

In October 2018, we sold, through the initial purchasers, convertible senior notes (“Convertible Notes”) to qualified institutional buyers pursuant to Rule 144A of the Securities Act of 1933, as amended, for gross proceeds of $201.25 million. The Convertible Notes are senior, unsecured obligations with interest payable semi-annually in cash at a rate of 1.00% per annum on April 1st and October 1st of each year. The Convertible Notes will mature on October 1, 2023 unless they are redeemed, repurchased or converted prior to such date. Prior to April 1, 2023, the Convertible Notes are convertible at the option of holders only during certain periods and upon satisfaction of certain conditions. Thereafter, the Convertible Notes will be convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the Convertible Notes may be settled in shares of our common stock, cash or a combination of cash and shares of our common stock, at our election.

The Convertible Notes have an initial conversion rate of 23.6323 shares of common stock per $1,000 principal amount of the Convertible Notes, which will be subject to customary anti-dilution adjustments in certain circumstances. This represents an initial effective conversion price of approximately $42.31 per share, which represents a premium of approximately 30% to the $32.55 per share closing price of our common stock on October 2, 2018, the day we priced the offering.

We may redeem all or any portion of the Convertible Notes, at our option, on or after October 5, 2021, at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if the last reported sale price of our stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide written notice of redemption.

Holders of Convertible Notes may require us to repurchase their Convertible Notes upon the occurrence of certain events that constitute a fundamental change under the indenture governing the Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of repurchase. In connection with certain corporate events or if we issue a notice of redemption prior to the maturity date, it will, under certain circumstances, increase the conversion rate for holders who elect to convert their Convertible Notes in connection with such corporate event or notice of redemption.

In connection with the pricing of the Convertible Notes, we entered into privately negotiated capped call transactions with a financial institution. The capped call transactions initially cover, subject to customary anti-dilution adjustments, the number of shares of our common stock that initially underlie the Convertible Notes. The cap price of the capped call transactions is initially $65.10 per share of our common stock, representing a premium of 100% above the closing price of $32.55 per share of our common stock on October 2, 2018, and is subject to certain adjustments under the terms of the capped call transactions. The capped call transactions are expected generally to reduce potential dilution to our common stock upon conversion of the Convertible Notes and/or offset the potential cash payments that we could be required to make in excess of the principal amount of any converted Convertible Notes upon conversion thereof, with such reduction and/or offset subject to a cap based on the cap price.

We believe that our existing cash and cash equivalents, marketable securities, cash flow from operations and availability under the Credit Facility will be sufficient to fund our operations and planned capital expenditures for at least the next 12 months from the date of issuance of our financial statements. There can be no assurance, however, that future industry-specific or other developments, general economic trends, or other matters will not adversely affect our operations or our ability to meet our future cash requirements. Our future capital requirements will depend on many factors, including our rate of revenue growth and corresponding timing of cash collections, the timing and size of our managed and operated location expansion efforts, the timing and extent of spending to support product development efforts, the timing of introductions of new solutions and enhancements to existing solutions and the continuing market acceptance of our solutions. We expect our capital expenditures for 2020 will range from $100.0 million to $125.0 million, including $80.0 million to $100.0 million of capital expenditures for DAS build-out projects which are reimbursed through revenue from our telecom operator customers. We anticipate the majority of our 2020 capital expenditures will be used to build out and upgrade Wi-Fi and DAS networks at our managed and operated venues.

We have contracts with the U.S. government. The U.S. government may modify, curtail or terminate its contracts with us, either at its convenience or for default based on performance. Any such modification, curtailment, or termination of one or more of our government contracts could have a material adverse effect on our earnings, cash flow and/or financial position. We may also enter into other acquisitions of complementary businesses, applications or technologies, which could require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us, or at all.

We are subject to customary covenants, including a minimum quarterly consolidated leverage ratio, a maximum quarterly consolidated fixed charge coverage ratio, and monthly liquidity minimums. We were in compliance with all such financial covenants as of June 30, 2020 and through the date of this report. We are subject to certain non-financial covenants, and we were also in compliance with all such non-financial covenants as of June 30, 2020 and through the date of this report. The Credit Facility provides us with significant additional flexibility and liquidity for our strategic objectives involving capital expenditures and acquisitions that we may pursue from time to time.

The following table sets forth cash flow data for the six months ended June 30:

	2020	2019
	(unaudited) (in thousands)	
Net cash provided by operating activities	$ 46,689	$ 32,972
Net cash used in investing activities	(31,448)	(116,181)
Net cash provided by (used in) financing activities	96,445	(38,831)

Net Cash Provided by Operating Activities

For the six months ended June 30, 2020, we generated $46.7 million of net cash from operating activities, an increase of $13.7 million from 2019. The increase is primarily due to a $17.6 million increase in our operating assets and liabilities, which is primarily driven by increased cash collections from our customers, a $2.2 million increase in depreciation and amortization expenses, and a $0.5 million increase in amortization of deferred financing costs and debt discount in 2020. These changes were partially offset by a $5.9 million increase in our net loss and a $0.9 million decrease in stock-based compensation expenses in 2020.

Net Cash Used in Investing Activities

For the six months ended June 30, 2020, we used $31.4 million in investing activities, a decrease of $84.7 million from 2019. The decrease is due to a $62.5 million decrease in net purchases of marketable securities and a $22.2 million decrease in purchases of property and equipment in 2020.

Net Cash Provided by (Used in) Financing Activities

For the six months ended June 30, 2020, we generated $96.4 million of cash in financing activities, compared to $38.8 million of cash used in financing activities in 2019. This change is primarily due to a $96.5 million increase in proceeds from our Credit Facility, a $32.7 million decrease in payments for federal, state, and local employment payroll taxes related to our RSUs that vested during the period, a $2.0 million decrease in payments of acquisition related consideration, a $1.8 million decrease in cash paid for debt issuance costs, a $1.2 million decrease in principal payments for our finance leases and notes payable, and a $0.7 million decrease in cash payments to our non-controlling interest owner.

Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commitments as of June 30, 2020:

	Payments Due by Period				
	Total	Less than 1 Year	2 - 3 Years	4 - 5 Years	Mo 5
			(in thousands)		
Venue revenue share minimums(1)	$ 41,794	$ 10,440	$ 16,412	$ 9,788	$
Operating and finance leases(2)	20,320	4,387	5,975	6,637	
Open purchase commitments(3)	43,941	43,873	68	—	
Convertible Notes(4)	201,250	—	—	201,250	
Credit Facility(5)	102,333	60,778	41,555	—	
Notes payable(6)	707	707	—	—	
Total	$ 410,345	$ 120,185	$ 64,010	$ 217,675	$

[redacted], non-cancellable contracts to provide wireless communications network access to venues such as airports.

(2) Non-cancellable operating leases for office and other spaces and finance leases for equipment, primarily for data communication equipment and database software.

(3) Open purchase commitments for the purchase of property and equipment, supplies and services. They are not recorded as liabilities on our condensed consolidated balan as of June 30, 2020 as we have not received the related goods or services.

(4) Long-term debt associated with our Convertible Notes are based on contractual terms and intended timing of repayments of long-term debt.

(5) Debt associated with our Credit Agreement with Bank of America N.A. Payments are based on contractual terms and intended timing of repayments.

(6) Payments under notes payable related to purchases of prepaid maintenance service.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements and we do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

[redacted]

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided for the year ended December 31, 2019 in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in our annual report on Form 10-K filed by us with the SEC on March 2, 2020.

Recently Issued Accounting Standards

Information regarding recent accounting pronouncements is contained in Note 2 “Summary of Significant Accounting Policies” to the accompanying condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q and under “Critical Accounting Policies and Estimates” in Part I, Item II, of this Quarterly Report on Form 10-Q, the information of which is incorporated herein by this reference.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Market risk represents the potential loss arising from adverse changes in the value of financial instruments. The risk of loss is assessed based on the likelihood of adverse changes in fair values, cash flows or future earnings. We are exposed to various market risks including: (i) investment portfolio risk, (ii) interest rate risk, and (iii) foreign currency exchange rate risk.

Investment portfolio risk. We have established guidelines relative to the diversification and maturities of investments to maintain safety and liquidity. These guidelines are reviewed periodically and may be modified depending on market conditions. Although investments may be subject to credit risk, our investment policy specifies credit quality standards for our investments and limits the amount of credit exposure from any single issue, issuer, or type of investment. At June 30, 2020, our market risk sensitive instruments consisted of marketable securities available-for-sale, which are comprised of highly rated short-term commercial paper, corporate debt instruments and US treasury and agencies obligations.

Our marketable available-for-sale securities are carried at fair value and are intended for use in meeting our ongoing liquidity needs. Unrealized gains and losses on available-for-sale securities, which are deemed temporary, are reported as a separate component of stockholders’ equity, net of tax. The cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. The amortization, along with realized gains and losses, would be included in interest income and other expense, net.

Interest rate risk. Our Convertible Notes bear a coupon rate of 1.00% per annum. We do not have economic interest rate exposure on our Convertible Notes due to the fixed rate nature. However, the values of the Convertible Notes are exposed to interest rate risk. Generally, the fair value of our fixed interest rate Convertible Notes will increase as interest rates fall and decrease as interest rates rise. In addition, the fair values of the Convertible Notes are affected by our stock price. The fair value of the Convertible Notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines in value. Additionally, we carry the Convertible Notes at face value less unamortized discount and issuance costs on our consolidated balance sheet, and we present the fair value for required disclosure purposes only.

Our Credit Facility bears interest at a variable rate equal to the greater of LIBOR plus 1.75% - 2.75% or the Lender’s Prime Rate plus 0.75% - 1.75% per year. Our use of variable rate debt exposes us to interest rate risk. A 100-basis point increase in the LIBOR or Lender’s Prime Rate as of June 30, 2020 would increase our annual interest expense by approximately $1.0 million and increase our net loss and cash outflow accordingly.

Foreign currency exchange rate risk. We are exposed to foreign currency exchange rate risk inherent in conducting business globally in numerous currencies, of which the most significant to our operations for the six months ended June 30, 2020 was the Brazilian Real. We are primarily exposed to foreign currency fluctuations related to the operations of our subsidiary in Brazil whose financial statements are not denominated in the U.S. dollar. We translate all assets and liabilities denominated in foreign currency into U.S. dollars using the exchange rate as of the end of the reporting period. Gains and losses resulting from translating assets and liabilities from our subsidiary’s functional currency to U.S. dollars are recognized in other comprehensive income (loss). Foreign currency exchange rate fluctuations affect our reported net loss and can make comparisons from period to period more difficult. We currently do not enter into currency forward exchange or option contracts to hedge foreign currency exposures.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness, as of June 30, 2020, of our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting. During the three months ended June 30, 2020, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth in Note 14 “Commitments and Contingencies,” to the unaudited condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q, is incorporated herein by this reference.

Item 1A. Risk Factors

Certain Factors Affecting Boingo Wireless, Inc.

In addition to the other information set forth in this report and the factors described below, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 2, 2020, which we incorporate by reference into this Quarterly Report on Form 10-Q, which could materially affect our business, results of operations, cash flows, or financial condition. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or future results. Other than the risk factors set forth below, we do not believe that there have been material changes in the risk factors contained in our Annual Report on Form 10-K.

We face risks related to health epidemics, including the recent COVID-19 pandemic, which could have a material adverse effect on our business and results of operations.

Our business has been and could continue to be adversely affected by a widespread outbreak of contagious disease, including the recent COVID-19 pandemic. Global health concerns relating to the COVID-19 pandemic have been weighing on the macroeconomic environment, and the pandemic has significantly increased economic volatility and uncertainty.

The pandemic has also resulted in government authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place or stay-at-home orders, and business shutdowns. A portion of our business is impacted by travel and consumer spending, because users seek to access the mobile Internet while they are on-the-go, and because spending on Internet access is often a consumer discretionary spending decision. Decreased travel and discretionary spending has had and may continue to have an adverse affect on our business such as our DAS, retail, wholesale Wi-Fi, and advertising and other revenues. Additionally, the pandemic has had and could continue to have an effect on our business generally due to decreased economic activity.

The spread of COVID-19 has also caused us to modify our business practices (including employee travel, mandating that all non-essential personnel work from home, temporary closures of our offices, and cancellation of physical participation in sales activities, meetings, events, and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers and business partners. Such actions could also impact our ability to fully integrate businesses we have acquired or may acquire in the future. There is no certainty that such actions will be sufficient to mitigate the risks posed by the virus or otherwise be satisfactory to government authorities. If significant portions of our workforce are unable to work effectively, including due to illness, quarantines, social distancing, government actions or other restrictions in connection with the COVID-19 pandemic, our operations will be impacted.

The extent to which the COVID-19 pandemic continues to impact our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the pandemic, its severity, the actions to contain the virus or address its impact, and how quickly and to what extent normal economic and operating activities can resume. Our customers may be unable to pay our invoices as they become due and our suppliers may experience difficulties in providing us with necessary goods and services required for us to operate our business. Even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of its global economic impact and altered economic behaviors, including any recession that has occurred or may occur in the future.

There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and the pandemic, and, as a result, the ultimate impact of the COVID-19 pandemic or a similar health epidemic is highly uncertain and subject to change. We do not yet know the full extent of COVID-19’s impact on our business, our operations, or the global economy as a whole. However, the effects may have a material adverse impact on our future results of operations.

We may not identify or enter into a strategic transaction, which could have an adverse effect on our stock price and our business.

In March 2020, we disclosed that we had received multiple inquiries regarding a potential strategic transaction and that our Board had engaged advisors to assess these opportunities. Our Board and Steering Committee of the Board, along with their advisors, have been assessing and exploring these opportunities, which may include, among other transactions, the sale of the Company, a merger or share exchange involving the Company, or the sale of some or all of the Company's assets. No decision has been made as to whether to engage in any particular transaction or transactions. Any recommendation of the Steering Committee or decision of our Board would be dependent on factors they deem relevant, which may include projected financial performance of the Company and any partner or buyer in a strategic transaction, likelihood that any such transaction could be successfully completed, potential value to our stockholders, potential synergies from the strategic transaction, available alternative options and market conditions. There can be no assurance that our Board or Steering Committee will authorize the pursuit of any strategic alternative. Moreover, there can be no assurance with respect to the terms or the timing of any transaction, or whether any transaction will ultimately occur. Any potential transaction would be dependent upon a number of factors that may be beyond our control, including, among other factors, market conditions, industry trends, the interest of third parties in our business, regulatory approval and the availability of financing to potential buyers on terms that they deem acceptable. Our inability to identify or complete such a strategic transaction could result in increased volatility of our stock price, result in the loss of key employees, and have an adverse effect on our business.

Items 2, 3, 4 and 5 are not applicable and have been omitted.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q:

Exhibit No.	Description	Incorporated by Reference Form	Date	Number	File Herew
3.1	Amended and Restated Certificate of Incorporation.	S-1	03/21/2011	3.2	
3.2	Certificate of Amendment to the Certificate of Incorporation.	8-K	06/09/2017	3.1	
3.3	Amended and Restated Bylaws.	8-K	06/09/2017	3.2	
31.1	Certification of Michael Finley, Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Peter Hovenier, Chief Financial Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certifications of Michael Finley, Chief Executive Officer, and Peter Hovenier, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101	The following financial information from the Quarterly Report on Form 10-Q of Boingo Wireless, Inc. for the quarter ended June 30, 2020, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at June 30, 2020 and December 31, 2019 for Boingo Wireless, Inc.; (ii) Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2020 and 2019 for Boingo Wireless, Inc.; (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2020 and 2019 for Boingo Wireless, Inc.; (iv) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2020 and 2019 for Boingo Wireless, Inc.; (v) Condensed Consolidated Statement of Stockholders’ Equity for Boingo Wireless, Inc.; and (vi) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

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.

BOINGO WIRELESS, INC.

Date: August 7, 2020

By: /s/ MICHAEL FINLEY
Michael Finley
Chief Executive Officer and Member of the Board
(Principal Executive Officer)

BOINGO WIRELESS, INC.

Date: August 7, 2020

By: /s/ PETER HOVENIER
Peter Hovenier
Chief Financial Officer
(Principal Financial and Accounting Officer)

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Section 2: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATIONS

I, Michael Finley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Boingo Wireless, Inc.;

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

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

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

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

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

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

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

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

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

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

By: /s/ Michael Finley
Michael Finley

Chief Executive Officer and Member of the Board
(Principal Executive Officer)

Date: August 7, 2020

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Section 3: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATIONS

I, Peter Hovenier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Boingo Wireless, Inc.;

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

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

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

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

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

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

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

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

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

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

By: /s/ Peter Hovenier
Peter Hovenier
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: August 7, 2020

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Section 4: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Boingo Wireless, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

1. the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

/s/ Michael Finley
Michael Finley
Chief Executive Officer and Member of the Board
(Principal Executive Officer)
Date: August 7, 2020

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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Section 5: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Boingo Wireless, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

1. the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

/s/ Peter Hovenier
Peter Hovenier
Chief Financial Officer
(Principal Financial and Accounting Officer)
Date: August 7, 2020

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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