

BOINGO WIRELESS INC
Form 10-Q
August 04, 2017
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from _____ to _____

Commission file number: 001-35155

BOINGO WIRELESS, INC.

(Exact name of registrant as specified in its charter)

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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)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller Reporting Company

Emerging Growth Company

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

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

As of July 28, 2017, there were 40,109,093 shares of the registrant's common stock outstanding.

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Boingo Wireless, Inc.****Condensed Consolidated Balance Sheets****(Unaudited)****(In thousands, except per share amounts)**

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,321	\$ 19,485
Accounts receivable, net	26,989	42,978
Prepaid expenses and other current assets	6,113	5,344
Total current assets	55,423	67,807
Property and equipment, net	258,744	250,765
Goodwill	42,403	42,403
Intangible assets, net	11,951	13,783
Other assets	5,945	6,223
Total assets	\$ 374,466	\$ 380,981
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	\$ 15,229	\$ 15,516
Accrued expenses and other liabilities	34,987	27,723
Deferred revenue	61,648	50,869
Current portion of long-term debt	875	1,094
Current portion of capital leases and notes payable	4,527	3,993
Total current liabilities	117,266	99,195
Deferred revenue, net of current portion	144,538	152,719
Long-term debt	5,438	15,875
Long-term portion of capital leases and notes payable	4,393	4,612
Deferred tax liabilities	3,451	3,208
Other liabilities	6,627	6,826
Total liabilities	281,713	282,435
Commitments and contingencies (Note 8)		
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; 39,757 and 38,562 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	4	4
Additional paid-in capital	220,261	211,275

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Accumulated deficit	(127,498)	(112,601)
Accumulated other comprehensive loss	(901)	(870)
Total common stockholders' equity	91,866	97,808
Non-controlling interests	887	738
Total stockholders' equity	92,753	98,546
Total liabilities and stockholders' equity	\$ 374,466	\$ 380,981

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	\$ 49,033	\$ 39,075	\$ 93,366	\$ 73,574
Costs and operating expenses:				
Network access	21,105	16,915	40,512	31,593
Network operations	11,668	10,418	22,931	20,868
Development and technology	6,663	5,267	12,997	10,620
Selling and marketing	5,094	4,882	9,987	9,550
General and administrative	11,263	7,700	19,366	15,852
Amortization of intangible assets	910	862	1,821	1,727
Total costs and operating expenses	56,703	46,044	107,614	90,210
Loss from operations	(7,670)	(6,969)	(14,248)	(16,636)
Interest and other expense, net	(46)	(152)	(42)	(182)
Loss before income taxes	(7,716)	(7,121)	(14,290)	(16,818)
Income tax expense	141	124	340	362
Net loss	(7,857)	(7,245)	(14,630)	(17,180)
Net income attributable to non-controlling interests	160	21	267	70
Net loss attributable to common stockholders	\$ (8,017)	\$ (7,266)	\$ (14,897)	\$ (17,250)
Net loss per share attributable to common stockholders:				
Basic	\$ (0.20)	\$ (0.19)	\$ (0.38)	\$ (0.46)
Diluted	\$ (0.20)	\$ (0.19)	\$ (0.38)	\$ (0.46)
Weighted average shares used in computing net loss per share attributable to common stockholders:				
Basic	39,286	37,944	38,997	37,749
Diluted	39,286	37,944	38,997	37,749

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net loss	\$ (7,857)	\$ (7,245)	\$ (14,630)	\$ (17,180)
Other comprehensive (loss) income, net of tax				
Foreign currency translation adjustments	(70)	131	(24)	224
Comprehensive loss	(7,927)	(7,114)	(14,654)	(16,956)
Comprehensive income (loss) attributable to non-controlling interest	183	(26)	274	(12)
Comprehensive loss attributable to common stockholders	\$ (8,110)	\$ (7,088)	\$ (14,928)	\$ (16,944)

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

Table of Contents**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	Total Stockholders Equity
Balance at December 31, 2016	38,562	\$ 4	\$ 211,275	\$ (112,601)	\$ (870)	\$ 738	\$ 98,546
Issuance of common stock under stock incentive plans	1,195		3,624				3,624
Shares withheld for taxes			(2,458)				(2,458)
Stock-based compensation expense			7,820				7,820
Non-controlling interest distributions						(125)	(125)
Net loss				(14,897)		267	(14,630)
Other comprehensive (loss) income					(31)	7	(24)
Balance at June 30, 2017	39,757	\$ 4	\$ 220,261	\$ (127,498)	\$ (901)	\$ 887	\$ 92,753

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

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

	Six Months Ended June 30,	
	2017	2016
Cash flows from operating activities		
Net loss	\$ (14,630)	\$ (17,180)
Adjustments to reconcile net loss including non-controlling interests to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	30,999	21,708
Amortization of intangible assets	1,821	1,727
Other	53	
Impairment loss and loss on disposal of fixed assets, net	440	19
Stock-based compensation	7,332	6,684
Change in deferred income taxes	243	256
Changes in operating assets and liabilities:		
Accounts receivable	15,975	(4,691)
Prepaid expenses and other assets	(553)	147
Accounts payable	(2,556)	(1,199)
Accrued expenses and other liabilities	5,630	3,642
Deferred revenue	2,599	44,554
Net cash provided by operating activities	47,353	55,667
Cash flows from investing activities		
Purchases of property and equipment	(31,917)	(64,257)
Payments for asset acquisition	(1,150)	
Net cash used in investing activities	(33,067)	(64,257)
Cash flows from financing activities		
Proceeds from credit facility		5,000
Principal payments on credit facility	(10,656)	(438)
Debt issuance costs		(124)
Proceeds from exercise of stock options	3,624	1,784
Payments of capital leases and notes payable	(1,819)	(1,277)
Payments of withholding tax on net issuance of restricted stock units	(2,458)	(1,520)
Payments to non-controlling interests	(125)	(286)
Net cash (used in) provided by financing activities	(11,434)	3,139
Effect of exchange rates on cash	(16)	24
Net increase (decrease) in cash and cash equivalents	2,836	(5,427)
Cash and cash equivalents at beginning of period	19,485	14,718
Cash and cash equivalents at end of period	\$ 22,321	\$ 9,291
Supplemental disclosure of non-cash investing and financing activities		
Property and equipment costs in accounts payable, accrued expenses and other liabilities	\$ 22,015	\$ 22,011
Purchase of equipment and prepaid maintenance services under capital financing arrangements	\$ 1,976	\$ 3,067

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

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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) and small cells, which are cellular extension networks, Wi-Fi roaming, value-added services, private label Wi-Fi and location based services. Retail products include Wi-Fi and TV services for military servicemen and women 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 more than 1.5 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 and global consumer brands, as well as troops stationed at military bases and Internet savvy consumers on the go.

2. Summary of significant accounting policies

Basis of presentation

The accompanying interim unaudited condensed consolidated financial statements and related notes for the three and six months ended June 30, 2017 and 2016 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 of the 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, 2016 contained in our annual report on Form 10-K filed with the SEC on March 13, 2017. 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, 2017 and 2016, our cash flows for the six months ended June 30, 2017, and our financial position as of June 30, 2017. 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 January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-04, *Intangibles-Goodwill and Other (Topic 350)*, which simplifies how an entity is required to test goodwill for impairment. An entity will no longer perform a hypothetical purchase price allocation to measure goodwill impairment. Instead, impairment will be measured using the difference between the

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carrying amount and the fair value of the reporting unit. The standard is effective for interim and annual periods beginning after December 15, 2019 with early adoption permitted for goodwill impairment tests with measurement dates after January 1, 2017. We elected to early adopt ASU 2017-04 as of January 1, 2017 and the adoption of this standard did not have a material impact on our condensed consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which adds or clarifies guidance to reduce diversity in how certain transactions are classified in the statement of cash flows. The standard is effective for interim and annual periods beginning after December 15, 2017 with early adoption permitted. The standard requires application using a retrospective transition method. We elected to early adopt ASU 2016-15 as of January 1, 2017 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 FASB Accounting Standards Codification (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.

Table of Contents**Segment and geographical 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 organization 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 by primary revenue source:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue:				
DAS	\$ 18,552	\$ 13,892	\$ 34,808	\$ 24,998
Military	13,542	9,734	26,083	18,832
Wholesale Wi-Fi	7,300	5,206	14,131	10,143
Retail	6,358	6,567	12,773	13,481
Advertising and other	3,281	3,676	5,571	6,120
Total revenue	\$ 49,033	\$ 39,075	\$ 93,366	\$ 73,574

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 wholesale Wi-Fi customers that provide software licensing, network access, and/or professional services fees, and (iv) 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.

We recognize revenue when an arrangement exists, services have been rendered, fees are fixed or determinable, no significant obligations remain related to the earned fees and collection of the related receivable is reasonably assured. Revenue is presented net of any sales and value added taxes.

Revenue generated from access to our DAS networks consists of build-out fees and recurring access fees under certain long-term contracts with telecom operators. Build-out fees paid upfront are generally deferred and recognized ratably over the term of the estimated customer relationship

period, once the build-out is complete. Periodically, we install and sell Wi-Fi and 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. Minimum monthly access fees for usage of the DAS networks are non-cancellable and generally escalate on an annual basis. These minimum monthly access fees are recognized ratably over the term of the telecom operator agreement. The initial term of our contracts with telecom operators generally range from five to twenty years and the agreements generally contain renewal clauses. Revenue from DAS network access fees in excess of the monthly minimums is recognized when earned.

Subscription fees from military and retail customers are paid monthly in advance and revenue is deferred for the portions of monthly recurring subscription fees collected in advance. We provide refunds for our military and retail services on a case-by-case basis. These amounts are not significant and are recorded as contra-revenue in the period the refunds are made. 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.

Services provided to wholesale Wi-Fi partners generally contain several elements including: (i) a term license to use our software to access our Wi-Fi network, (ii) access fees for Wi-Fi network usage, and/or (iii) professional services for software integration and customization and to maintain the Wi-Fi service. The term license, monthly minimum network access fees and professional services are billed on a monthly basis based upon predetermined fixed rates. Once the term license for integration and customization are delivered, the fees from the arrangement are recognized ratably over the remaining term of the service arrangement. The initial term of the license agreements is generally between one to five years and the agreements generally contain renewal clauses. Revenue for Wi-Fi network access fees in excess of the monthly minimum amounts is recognized when earned. All elements within existing service arrangements are generally delivered and earned concurrently throughout the term of the respective service arrangement.

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In instances where the minimum monthly Wi-Fi and DAS network access fees escalate over the term of the wholesale service arrangement, an unbilled receivable is recognized when performance is within our control and when we have reasonable assurance that the unbilled receivable balance will be collected.

We adopted the provisions of ASU 2009-13, *Revenue Recognition (Topic 605) Multiple-Deliverable Revenue Arrangements*, on a prospective basis on January 1, 2011. For multiple-deliverable arrangements entered into prior to January 1, 2011 that are accounted for under ASC 605-25, *Revenue Recognition Multiple-Deliverable Revenue Arrangements*, we defer recognition of revenue for the full arrangement and recognize all revenue ratably over the term of the estimated customer relationship period for DAS arrangements and the wholesale service period for Wi-Fi platform service arrangements, as we do not have evidence of fair value for the undelivered elements in the arrangement. For multiple-deliverable arrangements entered into or materially modified after January 1, 2011 that are accounted for under ASC 605-25, we evaluate whether or not separate units of accounting exist and then allocate the arrangement consideration to all units of accounting based on the relative selling price method using estimated selling prices if vendor specific objective evidence and third party evidence is not available. We recognize the revenue associated with the separate units of accounting upon completion of such services or ratably over the term of the estimated customer relationship period for DAS arrangements and the wholesale service period for Wi-Fi platform service arrangements.

Advertising revenue is generated from advertisements on our managed and operated or partner networks. In determining whether an arrangement exists, we ensure that a binding arrangement is in place, such as a standard insertion order or a fully executed customer-specific agreement. Obligations pursuant to our advertising revenue arrangements typically include a minimum number of units or the satisfaction of certain performance criteria. Advertising and other revenue is recognized when the services are performed.

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, 2017 and December 31, 2016, the Company had \$(901) and \$(870), respectively, of cumulative foreign currency translation adjustments, net of tax, which was \$0 as of June 30, 2017 and December 31, 2016 due to the full valuation allowance established against our deferred tax assets, in accumulated other comprehensive loss.

Some of our subsidiaries also enter into transactions and have monetary assets and liabilities that are denominated in a currency other than the entities respective functional currencies. Gains and losses from the revaluation of foreign currency transactions and monetary assets and liabilities are included in the condensed consolidated statements of operations.

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

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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.

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- 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-term nature of these financial instruments. As of June 30, 2017 and December 31, 2016, the carrying amount reflected in the accompanying condensed consolidated balance sheets for current portion of capital leases and notes payable and long-term portion of capital leases and notes payable approximate fair value (Level 2) based on the lack of significant change in our credit risk.

Recent accounting pronouncements

In May 2017, the FASB issued ASU 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting*, which provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity applies modification accounting under ASC 718. According to the new standard, an entity would not apply modification accounting if the fair value, vesting conditions and classification of the modified award is the same as the original award immediately before the original award is modified. The standard is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted for all entities. The standard will be applied prospectively to modifications that occur on or after the adoption date. We currently do not expect that this standard will have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize assets and liabilities for all leases with lease terms of more than 12 months on the balance sheet. Under the new guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. The standard is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted for all entities on a modified retrospective basis, with elective reliefs. We are currently evaluating the expected impact of this new standard.

In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts with Customers*, which is intended to improve and converge the financial reporting requirements for revenue from contracts with customers between U.S. GAAP and International Accounting Standards. In accordance with this new standard, an entity would recognize revenue to depict the transfer of promised goods or services. The standard establishes a five-step model and related application guidance, which will replace most existing revenue recognition guidance in U.S. GAAP. The FASB has subsequently issued several updates and proposals to clarify guidance to be applied. In August 2015, the FASB issued ASU 2015-14, *Revenue From Contracts with Customers (Topic 606): Deferral of the Effective Date*, to defer the effective date of the new revenue standard by one year. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which amends the principal versus agent guidance in the new revenue standard. ASU 2016-08 clarifies that the analysis must focus on whether the entity has control of the goods or services before they are transferred to the customer. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which amends the revenue guidance on identifying performance obligations and accounting for licenses of intellectual property. In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, which amends certain aspects of Topic 606. In December 2016, the FASB issued ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, which provides disclosure relief and clarifies the scope and application of the new revenue standard and related cost guidance. The standard, as amended, will be effective for annual and interim periods in fiscal years beginning after December 15, 2017. The FASB also agreed to allow entities to choose to adopt the new standard as of the original effective date. An entity may choose to adopt the new standard either retrospectively or through a cumulative effect adjustment as of the start of the first period for which it applies the new standard. We have selected January 1, 2018 as our effective date but we have not yet selected a transition method. We are currently evaluating the adoption approach. Our final determination will depend on a number of factors,

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such as the significance of the impact of the new standard on our financial results, our ability to accumulate and analyze the information necessary to assess the impact on prior period financial statements and our ability to maintain two sets of financials under current and new standards if we were to adopt the full retrospective approach. We are completing the assessment stage of our evaluation of the impact of the new standard on our accounting policies, processes, and system requirements and have started the implementation stage. We have assigned internal resources in addition to the engagement of third party service providers to assist in the evaluation and implementation. While we continue to assess all potential impacts under the new standard, there is the potential for significant impacts to the timing of recognition of revenue.

Table of Contents**3. Cash and cash equivalents**

Cash and cash equivalents consisted of the following:

	June 30, 2017		December 31, 2016
Cash and cash equivalents:			
Cash	\$ 20,076	\$	17,246
Money market accounts	2,245		2,239
Total cash and cash equivalents	\$ 22,321	\$	19,485

Our money market account assets are measured at fair value on a recurring basis utilizing Level 1 inputs.

4. Property and equipment

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

	June 30, 2017		December 31, 2016
Leasehold improvements	\$ 378,194	\$	358,477
Software	37,180		33,349
Construction in progress	31,998		18,859
Computer equipment	12,017		10,878
Furniture, fixtures and office equipment	1,751		1,760
Total property and equipment	461,140		423,323
Less: accumulated depreciation and amortization	(202,396)		(172,558)
Total property and equipment, net	\$ 258,744	\$	250,765

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

	Three Months Ended		Six Months Ended	
	2017	June 30, 2016	2017	June 30, 2016
Network access	\$ 9,354	\$ 6,205	\$ 17,729	\$ 11,462
Network operations	4,131	3,255	8,286	6,450
Development and technology	2,270	1,689	4,465	3,291
General and administrative	259	251	519	505
	\$ 16,014	\$ 11,400	\$ 30,999	\$ 21,708

Total depreciation and
amortization of property and
equipment

During the six months ended June 30, 2017, we recognized \$164 of impairment losses primarily related to construction in progress projects that were abandoned. During the six months ended June 30, 2017, we also recognized \$276 of losses on disposals of property and equipment.

5. Accrued expenses and other liabilities

Accrued expenses and other liabilities consisted of the following:

	June 30, 2017	December 31, 2016
Accrued construction in progress	\$ 9,431	\$ 6,753
Salaries and wages	4,937	3,001
Revenue share	4,586	5,611
Accrued customer liabilities	4,232	4,651
Accrued professional fees	2,425	1,183
Accrued taxes	2,007	1,761
Accrued partner network	1,143	1,022
Other	6,226	3,741
Total accrued expenses and other liabilities	\$ 34,987	\$ 27,723

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6. 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) vestings 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.

Income tax expense of \$141 and \$124 reflects an effective tax rate of 1.8% and 1.7% for the three months ended June 30, 2017 and 2016, respectively. Income tax expense of \$340 and \$362 reflects an effective tax rate of 2.4% and 2.2% for the six months ended June 30, 2017 and 2016, respectively. Our effective tax rate differs from the statutory rate primarily due to our valuation allowance for the three and six months ended June 30, 2017 and 2016. As of June 30, 2017 and December 31, 2016, we had \$387 and \$380 of uncertain tax positions, respectively, \$84 of which is a reduction to deferred tax assets, which is presented net of uncertain tax positions, in the accompanying condensed consolidated balance sheets. We accrue interest and penalties related to unrecognized tax benefits as a component of income taxes. As of June 30, 2017 and December 31, 2016, we have accrued \$74 and \$67 for related interest, net of federal income tax benefits, and penalties recorded in income tax expense on our condensed consolidated statements of operations, respectively. The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate at June 30, 2017 was \$229.

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 of time to resolve. We are subject to taxation in the United States and in various states. Our tax years 2013 and forward are subject to examination by the IRS and our tax years 2012 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.

7. Credit Facility

We have entered into a Credit Agreement (the Credit Agreement) and related agreements, as amended, with Bank of America, N.A. acting as agent for lenders named therein, including Bank of America, N.A., Silicon Valley Bank, and Citizens Bank, N.A. (the Lenders), for a secured

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credit facility in the form of a revolving line of credit of up to \$69,750 with an option to increase the available amount to \$86,500 upon the satisfaction of certain conditions (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 of our assets, with certain exclusions.

As of June 30, 2017 and December 31, 2016, \$5,000 and \$15,000, respectively, was outstanding under the Revolving Line of Credit. Amounts outstanding under the Revolving Line of Credit are classified within long-term debt in our condensed consolidated balance sheet as of June 30, 2017 as we do not expect to repay the outstanding debt in the next twelve-month period. The Revolving Line of Credit requires quarterly payments of interest and matures on November 21, 2018, but may be prepaid in whole or part at any time. Amounts borrowed under the Revolving Line of Credit and Term Loan will bear, at our election, a variable interest at LIBOR plus 2.5% - 3.5% or Lender's Prime Rate plus 1.5% - 2.5% per year and we will pay a fee of 0.375% - 0.5% per year on any unused portion of the Revolving Line of Credit. As of June 30, 2017 and December 31, 2016, \$1,313 and \$1,969, respectively, was outstanding under the Term Loan. The Term Loan requires quarterly payments of interest and principal, amortizing fully over the four-year-term such that it is repaid in full on the maturity date of November 21, 2018, but may be prepaid in whole or part at any time. 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.

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Principal payments due under our Term Loan through 2018 are as follows:

Period	Principal Payments
July 1, 2017 – December 31, 2017	\$ 438
January 1, 2018 – December 31, 2018	875
	\$ 1,313

We are subject to customary financial and non-financial 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 financial covenants as of June 30, 2017.

Debt issuance costs are amortized on a straight-line basis over the term of the Credit Facility. Amortization expense related to debt issuance costs are included in interest and other expense, net in the accompanying condensed consolidated statements of operations for the three and six months ended June 30, 2017 and 2016. Amortization and interest expense capitalized during the three and six months ended June 30, 2017 amounted to \$192 and \$426, respectively. Amortization and interest expense capitalized during the three and six months ended June 30, 2016 amounted to \$207 and \$483, respectively. Amortization and interest expense expensed during the three and six months ended June 30, 2017 amounted to \$52 and \$108, respectively. Amortization and interest expense expensed during the three and six months ended June 30, 2016 amounted to \$78 and \$96, respectively. The interest rate for our Credit Facility for the six months ended June 30, 2017 ranged from 3.5% to 3.7%.

Amortization expense for our debt issuance costs through 2018 is as follows:

Period	Amortization Expense
July 1, 2017 – December 31, 2017	\$ 122
January 1, 2018 – December 31, 2018	217
	\$ 339

As of June 30, 2017 and December 31, 2016, the carrying amount reflected in the accompanying condensed consolidated balance sheets for the current portion of long-term debt and long-term debt approximates fair value (Level 2) based on the variable nature of the interest rates and lack of significant change to our credit risk.

8. Commitments and contingencies

Letters of credit

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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, 2017, we have Letters of Credit totaling \$3,818 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, 2017.

Legal proceedings

From time to time, we may be subject to claims, suits, investigations and proceedings arising out of the normal course of business. We are not currently a party to any 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 final settlement discussions with our venue partner. As of June 30, 2017, we have accrued for the probable and estimable losses that have been incurred, which have been recorded as general and administrative expenses in the condensed consolidated statements of operations. 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.

Table of Contents**9. 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 January 1st of each year, the number of shares of common stock reserved for issuance under the 2011 Plan shall automatically be increased by a number equal to the lesser of (a) 4.5% of the total number of shares of common stock then outstanding, (b) 3,000,000 shares of common stock or (c) as determined by our board of directors. The automatic evergreen share reserve increase feature will be terminated after January 2018, so that no additional automatic annual share increases will occur thereafter. As of June 30, 2017, options to purchase 1,605,731 shares of common stock and RSUs covering 3,677,294 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,	
	2017	2016	2017	2016
Network operations	\$ 562	\$ 531	\$ 1,108	\$ 1,177
Development and technology	280	251	550	563
Selling and marketing	639	458	1,065	1,007
General and administrative	2,807	1,839	4,609	3,937
Total stock-based compensation	\$ 4,288	\$ 3,079	\$ 7,332	\$ 6,684

During the three and six months ended June 30, 2017, we capitalized \$173 and \$367, respectively, of stock-based compensation expense. During the three and six months ended June 30, 2016, we capitalized \$189 and \$371, 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, 2016	3,084	\$ 7.04	3.8	\$ 17,145
Exercised	(818)	\$ 4.43		
Canceled/forfeited	(20)	\$ 6.71		
Outstanding at June 30, 2017	2,246	\$ 7.99	3.5	\$ 15,658
Exercisable at June 30, 2017	2,212	\$ 8.02	3.5	\$ 15,355

Restricted stock unit awards

We grant time-based RSUs to executive and non-executive personnel and non-employee directors. The time-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 time-based RSUs for our non-employee directors generally vest over a one-year period for existing members and 25% per year over a four-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 the Company's revenue growth and/or Adjusted EBITDA growth 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. We recognize stock-based compensation expense for performance-based RSUs when we believe that it is probable that the performance objectives will be met.

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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, 2016	3,825	\$ 6.55
Granted	586	\$ 12.57
Vested	(636)	\$ 7.21
Canceled/forfeited	(98)	\$ 8.23
Non-vested at June 30, 2017	3,677	\$ 7.35

During the six months ended June 30, 2017, 635,593 shares of RSUs vested. The Company issued 377,300 shares and the remaining shares were withheld to pay federal, state, and local employment payroll taxes on those vested awards.

10. Net loss per share attributable to common stockholders

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Numerator:				
Net loss attributable to common stockholders, basic and diluted	\$ (8,017)	\$ (7,266)	\$ (14,897)	\$ (17,250)
Denominator:				
Weighted average common stock, basic and diluted	39,286	37,944	38,997	37,749
Net loss per share attributable to common stockholders:				
Basic and diluted	\$ (0.20)	\$ (0.19)	\$ (0.38)	\$ (0.46)

For the three and six months ended June 30, 2017 and 2016, 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.

On April 1, 2013, the Company approved a stock repurchase program to repurchase up to \$10,000 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, 2017. As of June 30, 2017, the remaining approved amount for repurchases was approximately \$5,180.

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, 2016, filed with the Securities Exchange Commission on March 13, 2017.

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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, 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; 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, 2016. 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, universities, convention centers, and office campuses; build high-quality wireless networks such as distributed antenna systems (DAS), Wi-Fi, and small cells at those venues; and monetize the wireless networks through a number of products and services. Over the past 15 years, we've built a global network of wireless networks that we estimate reaches more than a billion consumers annually. We operate DAS networks containing approximately 20,300 DAS nodes. We believe we are the largest indoor DAS provider 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 more than 1.5 million commercial Wi-Fi hotspots in more than 100 countries around the world. We also operate Wi-Fi and internet protocol television (IPTV) networks at 60 U.S. Army, Air Force, and Marine bases around the world.

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

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We generate wholesale Wi-Fi 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, 2017, DAS revenue accounted for approximately 38% of our revenue.

Military revenue, which is driven by military personnel who purchase broadband and IPTV services on military bases accounted for approximately 28% of our total revenue for the three months ended June 30, 2017. As of June 30, 2017, we have grown our military subscriber base to approximately 131,000 from approximately 79,000 in 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 13% of our total revenue for the three months ended June 30, 2017. As of June 30, 2017, our retail subscriber base was approximately 195,000, an increase of approximately 6% over the prior year comparative period.

Our enterprise 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, 2017, wholesale Wi-Fi revenue accounted for approximately 15% 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, 2017, advertising and other revenue accounted for approximately 6% of our revenue.

Our customer agreements for certain DAS networks include both a fixed and variable fee structure with the highest percentage of sales typically occurring in the fourth quarter of each year and the lowest percentage of sales occurring in the first quarter of each year. Our advertising business is similarly weighted to the fourth quarter, with the highest percentage of sales occurring in the fourth quarter and the lowest percentage of sales occurring in the first quarter. We expect these trends to continue. Our other products have not experienced any significant seasonal impact.

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

- expand our footprint of managed and operated and aggregated networks;
- leverage our neutral-host business model to grow DAS, small cell, and wholesale roaming partnerships;
- expand our carrier offload relationships;
- maximize our military business through recurring subscriber fees and shorter-term transaction plans, as well as strategic build-outs; 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. There are four key metrics that we use to monitor results and activity in the business as follows:

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 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 and retail. We generate revenue from sales to military and retail individuals of month-to-month network access subscriptions that automatically renew, primarily through charge card transactions. We also generate revenue from sales of hourly, daily or other single-use access to military and retail individuals primarily through charge card transactions.

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.

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

(in thousands)								
Consolidated Statement of Operations								
Data:								
Revenue	\$	49,033	\$	39,075	\$	93,366	\$	73,574
Costs and operating expenses:								
Network access		21,105		16,915		40,512		31,593
Network operations		11,668		10,418		22,931		20,868
Development and technology		6,663		5,267		12,997		10,620
Selling and marketing		5,094		4,882		9,987		9,550
General and administrative		11,263		7,700		19,366		15,852
Amortization of intangible assets		910		862		1,821		1,727
Total costs and operating expenses		56,703		46,044		107,614		90,210
Loss from operations		(7,670)		(6,969)		(14,248)		(16,636)
Interest and other expense, net		(46)		(152)		(42)		(182)
Loss before income taxes		(7,716)		(7,121)		(14,290)		(16,818)
Income tax expense		141		124		340		362
Net loss		(7,857)		(7,245)		(14,630)		(17,180)
Net income attributable to non-controlling interests		160		21		267		70
Net loss attributable to common stockholders	\$	(8,017)	\$	(7,266)	\$	(14,897)	\$	(17,250)

Depreciation and amortization expense included in costs and operating expenses:

	Three Months Ended		Six Months Ended					
	June 30,		June 30,					
	2017	2016	2017	2016				
	(unaudited)							
	(in thousands)							
Network access	\$	9,354	\$	6,205	\$	17,729	\$	11,462
Network operations		4,131		3,255		8,286		6,450
Development and technology		2,270		1,689		4,465		3,291
General and administrative		259		251		519		505
Total(1)	\$	16,014	\$	11,400	\$	30,999	\$	21,708

(1) The \$4.6 million and \$9.3 million increase in depreciation and amortization of property and equipment for the three and six months ended June 30, 2017, respectively, as compared to the three and six months ended June 30, 2016, is primarily a result of our increased fixed assets from our DAS build-out projects, Wi-Fi networks, and software development in 2016 and 2017.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(unaudited) (in thousands)			
Network operations	\$ 562	\$ 531	\$ 1,108	\$ 1,177
Development and technology	280	251	550	563
Selling and marketing	639	458	1,065	1,007
General and administrative	2,807	1,839	4,609	3,937
Total(2)	\$ 4,288	\$ 3,079	\$ 7,332	\$ 6,684

(2) The \$1.2 million and \$0.6 million increase in stock-based compensation expense for the three and six months ended June 30, 2017, as compared to the three and six months ended June 30, 2016, is due primarily to stock-based compensation expense related to our performance-based restricted stock units (RSU). We recognize stock-based compensation expense for performance-based RSUs when we believe that it is probable that the performance objectives will be met and based upon the expected achievement levels. We capitalized \$0.2 million and \$0.4 million of stock-based compensation expense the three and six months ended June 30, 2016 and 2017, respectively.

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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,	
	2017	2016	2017	2016
	(unaudited)			
	(as a percentage of revenue)			
Consolidated Statement of Operations Data:				
Revenue	100.0%	100.0%	100.0%	100.0%
Costs and operating expenses:				
Network access	43.0	43.3	43.4	42.9
Network operations	23.8	26.7	24.6	28.4
Development and technology	13.6	13.5	13.9	14.4
Selling and marketing	10.4	12.5	10.7	13.0
General and administrative	23.0	19.7	20.7	21.5
Amortization of intangible assets	1.9	2.2	2.0	2.3
Total costs and operating expenses	115.6	117.8	115.3	122.6
Loss from operations	(15.6)	(17.8)	(15.3)	(22.6)
Interest and other expense, net	(0.1)	(0.4)	(0.0)	(0.2)
Loss before income taxes	(15.7)	(18.2)	(15.3)	(22.9)
Income tax expense	0.3	0.3	0.4	0.5
Net loss	(16.0)	(18.5)	(15.7)	(23.4)
Net income attributable to non-controlling interests	0.3	0.1	0.3	0.1
Net loss attributable to common stockholders	(16.4)%	(18.6)%	(16.0)%	(23.4)%

Three Months ended June 30, 2017 and 2016

Revenue

	2017	Three Months Ended June 30,		% Change
		2016	Change	
	(unaudited)			
	(in thousands, except percentages)			
Revenue:				
DAS	\$ 18,552	\$ 13,892	\$ 4,660	33.5
Military	13,542	9,734	3,808	39.1
Wholesale Wi-Fi	7,300	5,206	2,094	40.2
Retail	6,358	6,567	(209)	(3.2)
Advertising and other	3,281	3,676	(395)	(10.7)
Total revenue	\$ 49,033	\$ 39,075	\$ 9,958	25.5
Key business metrics:				
DAS nodes	20.3	13.5	6.8	50.4
Subscribers military	131	79	52	65.8
Subscribers retail	195	184	11	6.0
Connects	52,130	31,899	20,231	63.4

DAS. DAS revenue increased \$4.7 million, or 33.5%, for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016, due to a \$4.0 million increase from new build-out projects in our managed and operated locations and a \$0.7 million increase in access fees from our telecom operators.

Military. Military revenue increased \$3.8 million, or 39.1%, for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016, due to a \$5.0 million increase in military subscriber revenue, which was driven primarily by the increase in military subscribers partially offset by a 2.7% decrease in the average monthly revenue per military subscriber in 2017 compared to 2016. The increase was partially offset by a \$1.2 million decrease in military single-use revenue.

Wholesale Wi-Fi. Wholesale Wi-Fi revenue increased \$2.1 million, or 40.2%, for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016, primarily due to a \$1.9 million increase in partner usage based fees.

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Retail. Retail revenue decreased \$0.2 million, or 3.2%, for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016, due to a \$0.4 million decrease in retail single-use revenue offset by a \$0.2 million increase in retail subscriber revenue.

Advertising and other. Advertising and other revenue decreased \$0.4 million, or 10.7%, for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016, due to a \$0.6 million decrease in advertising sales at our managed and operated locations resulting from a decline in the number of premium ad units sold, which was partially offset by a \$0.2 million increase in revenues from other service agreements.

Costs and Operating Expenses

	2017	Three Months Ended June 30, 2016		Change	% Change
		(unaudited)			
		(in thousands, except percentages)			
Costs and operating expenses:					
Network access	\$ 21,105	\$ 16,915	\$ 4,190		24.8
Network operations	11,668	10,418	1,250		12.0
Development and technology	6,663	5,267	1,396		26.5
Selling and marketing	5,094	4,882	212		4.3
General and administrative	11,263	7,700	3,563		46.3
Amortization of intangible assets	910	862	48		5.6
Total costs and operating expenses	\$ 56,703	\$ 46,044	\$ 10,659		23.1

Network access. Network access costs increased \$4.2 million, or 24.8%, for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016. The increase is primarily due to a \$3.1 million increase in depreciation expense related to our increased fixed assets from our DAS build-out projects and a \$1.3 million increase in revenue share paid to venues in our managed and operated locations.

Network operations. Network operations expenses increased \$1.3 million, or 12.0%, for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016, due to a \$0.9 million increase in depreciation expense related to our increased fixed assets and a \$0.4 million increase in other expenses.

Development and technology. Development and technology expenses increased \$1.4 million, or 26.5%, for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016, primarily due to a \$0.6 million increase in depreciation expense related to our increased fixed assets, a \$0.5 million increase in personnel related expenses, and a \$0.2 million increase in cloud computing expenses.

Selling and marketing. Selling and marketing expenses increased \$0.2 million, or 4.3%, for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016, due to a \$0.4 million increase in personnel related expenses, which was partially offset by a \$0.2 million decrease in other marketing expenses.

General and administrative. General and administrative expenses increased \$3.6 million, or 46.3%, for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016, due to \$2.8 million settlement expense accrual related to a claim from one of our venue partners recorded during the three months ended June 30, 2017, a \$1.2 million increase in personnel related expenses, which was inclusive of a \$1.0 million increase in stock-based compensation, and a \$0.2 million increase in consulting expenses. The increases were partially offset by a \$0.6 million decrease in professional services fees.

Amortization of intangible assets. Amortization of intangible assets expense remained relatively consistent for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016.

Interest and Other Expense, Net

There were no significant changes in interest and other expense, net for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016. We capitalized \$0.2 million of interest expense for the three months ended June, 30, 2017 and 2016, respectively.

Table of Contents***Income Tax Expense***

Income tax expense and our effective tax rate remained relatively consistent for the three months ended June 30, 2017 and 2016.

Non-controlling Interests

There were no significant changes in non-controlling interests for the three months ended June 30, 2017, as compared to the three months ended June 30, 2016.

Net Loss Attributable to Common Stockholders

Our net loss for the three months ended June 30, 2017 increased as compared to the three months ended June 30, 2016, primarily as a result of the \$10.7 million increase in costs and operating expenses, which was partially offset by the \$10.0 million increase in revenues. Our diluted net loss per share increased primarily as a result of the increase in our net loss.

Six Months ended June 30, 2017 and 2016***Revenue***

	2017	2016	Change	% Change
		Six Months Ended June 30, (unaudited)		
		(in thousands, except percentages)		
Revenue:				
DAS	\$ 34,808	\$ 24,998	\$ 9,810	39.2
Military	26,083	18,832	7,251	38.5
Wholesale Wi-Fi	14,131	10,143	3,988	39.3
Retail	12,773	13,481	(708)	(5.3)
Advertising and other	5,571	6,120	(549)	(9.0)
Total revenue	\$ 93,366	\$ 73,574	\$ 19,792	26.9
Key business metrics:				
DAS nodes	20.3	13.5	6.8	50.4
Subscribers military	131	79	52	65.8
Subscribers retail	195	184	11	6.0
Connects	95,207	62,252	32,955	52.9

DAS. DAS revenue increased \$9.8 million, or 39.2%, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016, due to a \$8.3 million increase from new build-out projects in our managed and operated locations and a \$1.5 million increase in access fees from our telecom operators.

Military. Military revenue increased \$7.3 million, or 38.5%, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016, due to a \$9.5 million increase in military subscriber revenue, which was driven primarily by the increase in military subscribers partially offset by a 5.1% decrease in the average monthly revenue per military subscriber in 2017 compared to 2016. The increase was partially offset by a \$2.2 million decrease in military single-use revenue.

Wholesale Wi-Fi. Wholesale Wi-Fi revenue increased \$4.0 million, or 39.3%, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016, primarily due to a \$3.5 million increase in partner usage based fees and a \$0.3 million increase in wholesale service provider revenue.

Retail. Retail revenue decreased \$0.7 million, or 5.3%, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016, due to a \$0.7 million decrease in retail single-use revenue.

Advertising and other. Advertising and other revenue decreased \$0.5 million, or 9.0%, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016, primarily due to a \$1.0 million decrease in advertising sales at our managed and operated locations resulting from a decline in the number of premium ad units sold, which was partially offset by a \$0.4 million increase in revenues from other service agreements.

Table of Contents*Costs and Operating Expenses*

	2017		Six Months Ended June 30, 2016		Change	% Change	
			(unaudited)				
			(in thousands, except percentages)				
Costs and operating expenses:							
Network access	\$	40,512	\$	31,593	\$	8,919	28.2
Network operations		22,931		20,868		2,063	9.9
Development and technology		12,997		10,620		2,377	22.4
Selling and marketing		9,987		9,550		437	4.6
General and administrative		19,366		15,852		3,514	22.2
Amortization of intangible assets		1,821		1,727		94	5.4
Total costs and operating expenses	\$	107,614	\$	90,210	\$	17,404	19.3

Network access. Network access costs increased \$8.9 million, or 28.2%, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016. The increase is primarily due to a \$6.3 million increase in depreciation expense related to our increased fixed assets from our DAS build-out projects and a \$2.9 million increase in revenue share paid to venues in our managed and operated locations.

Network operations. Network operations expenses increased \$2.1 million, or 9.9%, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016, primarily due to a \$1.8 million increase in depreciation expense related to our increased fixed assets and a \$0.4 million increase in other expenses.

Development and technology. Development and technology expenses increased \$2.4 million, or 22.4%, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016, primarily due to a \$1.2 million increase in depreciation expense related to our increased fixed assets, a \$0.7 million increase in personnel related expenses, and a \$0.4 million increase in cloud computing expenses.

Selling and marketing. Selling and marketing expenses increased \$0.4 million, or 4.6%, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016, due to a \$0.6 million increase in personnel related expenses, which was partially offset by a \$0.2 million decrease in other marketing expenses.

General and administrative. General and administrative expenses increased \$3.5 million, or 22.2%, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016, due to \$2.8 million settlement expense accrual related to a claim from one of our venue partners recorded during the six months ended June 30, 2017 a \$0.9 million increase in personnel related expenses, which was inclusive of a \$0.7 million increase in stock-based compensation, a \$0.3 million increase in consulting expenses, and a \$0.3 million increase in outside service fees. The increases were partially offset by a \$0.8 million decrease in professional services fees.

Amortization of intangible assets. Amortization of intangible assets expense remained relatively consistent for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016.

Interest and Other Expense, Net

There were no significant changes in interest and other expense, net, for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016. During the six months ended June 30, 2017 and 2016, we capitalized \$0.4 million and \$0.5 million, respectively, of interest expense.

Income Tax Expense

Income tax expense and our effective tax rate remained relatively consistent for the six months ended June 30, 2017 and 2016.

Non-controlling Interests

There were no significant changes in non-controlling interests for the six months ended June 30, 2017, as compared to the six months ended June 30, 2016.

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Net Loss Attributable to Common Stockholders

Our net loss for the six months ended June 30, 2017 decreased as compared to the six months ended June 30, 2016, primarily as a result of the \$19.8 million increase in revenues, which was partially offset by the \$17.4 million increase in costs and operating expenses. Our diluted net loss per share decreased primarily as a result of the decrease in our net loss.

Reconciliation of Non-GAAP Financial Measures

We define Adjusted EBITDA as net loss attributable to common stockholders plus depreciation and amortization of property and equipment, stock-based compensation expense, amortization of intangible assets, income tax expense, interest 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 period-to-period comparisons of operations and facilitates comparisons with other companies, many of which use similar non-generally accepted accounting principles in the 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 our business operations, and these expenses can vary significantly between periods as a result of full amortization of previously acquired tangible and intangible assets or the timing of new stock-based awards and (ii) settlement expense related to our claim from one of our venue partners and charges related to our contested proxy election for the 2016 annual meeting of stockholders because they represent non-recurring charges and are not indicative of 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.

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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 attributable to common stockholders.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(unaudited) (in thousands)			
Net loss attributable to common stockholders	\$ (8,017)	\$ (7,266)	\$ (14,897)	\$ (17,250)
Depreciation and amortization of property and equipment	16,014	11,400	30,999	21,708
Stock-based compensation expense	4,288	3,079	7,332	6,684
Amortization of intangible assets	910	862	1,821	1,727
Income tax expense	141	124	340	362
Interest and other expense, net	46	152	42	182
Non-controlling interests	160	21	267	70
Contested proxy election expense		902		1,440
Settlement expense	2,807		2,807	
Adjusted EBITDA	\$ 16,349	\$ 9,274	\$ 28,711	\$ 14,923

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Adjusted EBITDA was \$16.3 million for the three months ended June 30, 2017, an increase of 76.3% from \$9.3 million recorded in the three months ended June 30, 2016. As a percent of revenue, Adjusted EBITDA was 33.3% for the three months ended June 30, 2017, up from 23.7% of revenue for the three months ended June 30, 2016. The Adjusted EBITDA increase was due primarily to the \$4.7 million increase in depreciation and amortization expense and the \$1.2 million increase in stock-based compensation expenses for the three months ended June 30, 2017 compared to the three months ended June 30, 2016. The changes were partially offset by the \$0.8 million increase in our net loss attributable to common stockholders for the three months ended June 30, 2017 compared to the three months ended June 30, 2016. Adjusted EBITDA for the three months ended June 30, 2017 excludes \$2.8 million of settlement expense accrual related to a claim from one of our venue partners. Adjusted EBITDA for the three months ended June 30, 2016 excludes \$0.9 million of expenses that we incurred on our contested proxy election for the 2016 annual meeting of stockholders.

Adjusted EBITDA was \$28.7 million for the six months ended June 30, 2017, an increase of 92.4% from \$14.9 million recorded in the six months ended June 30, 2016. As a percent of revenue, Adjusted EBITDA was 30.8% for the six months ended June 30, 2017, up from 20.3% of revenue for the six months ended June 30, 2016. The Adjusted EBITDA increase was due primarily to the \$9.4 million increase in depreciation and amortization expense, the \$2.4 million decrease in our net loss attributable to common stockholders, and the \$0.6 million increase in stock-based compensation expenses for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. Adjusted EBITDA for the six months ended June 30, 2017 excludes \$2.8 million of settlement expense accrual related to a claim from one of our venue partners. Adjusted EBITDA for the six months ended June 30, 2016 excludes \$1.4 million of expenses that we incurred on our contested proxy election for the 2016 annual meeting of stockholders.

Liquidity and Capital Resources

We have financed our operations primarily through cash provided by operating activities and borrowings under our credit facility. Our primary sources of liquidity as of June 30, 2017 consisted of \$22.3 million of cash and cash equivalents and \$64.8 million available for borrowing under our credit facility, \$3.8 million of which is reserved for our outstanding Letter of Credit Authorization agreements.

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, 2017 were \$31.9 million, of which \$18.0 million was reimbursed through revenue for DAS build-out projects from our telecom operators.

We have entered into a Credit Agreement (the "Credit Agreement") and related agreements, as amended with Bank of America, N.A. acting as agent for lenders named therein, including Bank of America, N.A., Silicon Valley Bank, and Citizens Bank, N.A. (the "Lenders"), for a secured credit facility in the form of a revolving line of credit up to \$69.8 million with an option to increase the available amount to \$86.5 million upon the satisfaction of certain conditions (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"). Both the Term Loan and Revolving Line of Credit mature on November 21, 2018. Amounts borrowed under the Revolving Line of Credit and Term Loan will bear, at our election, a variable interest at LIBOR plus 2.5% - 3.5% or Lender's Prime Rate plus 1.5% - 2.5% per year and we will pay a fee of 0.375% - 0.5% per year on any unused portion of the Revolving Line of

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Credit. As of June 30, 2017, \$1.3 million was outstanding under the Term Loan and \$5.0 million was outstanding under the Revolving Line of Credit. The Term Loan requires quarterly payments of interest and principal, amortizing fully over the four-year-term such that it is repaid in full on the maturity date of November 21, 2018. The interest rate for our Credit Facility for the six months ended June 30, 2017 ranged from 3.5% to 3.7%. 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 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, 2017 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, 2017 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.

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We believe that our existing cash and cash equivalents, 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 the remainder of 2017 will range from \$6.1 million to \$11.1 million, excluding capital expenditures for DAS build-out projects which are reimbursed through revenue from our telecom operator customers. We anticipate the majority of our remaining 2017 capital expenditures will be used to build out and upgrade Wi-Fi networks at our managed and operated venues and to build out residential broadband and IPTV networks for troops stationed on military bases pursuant to our contracts with the U.S. government. The investment of these resources will occur in advance of experiencing any direct benefit from them including generation of revenues. 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 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.

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

	2017	(unaudited) (in thousands)	2016
Net cash provided by operating activities	\$	47,353	\$ 55,667
Net cash used in investing activities		(33,067)	(64,257)
Net cash (used in) provided by financing activities		(11,434)	3,139

Net Cash Provided by Operating Activities

For the six months ended June 30, 2017, we generated \$47.4 million of net cash from operating activities, a decrease of \$8.3 million from the prior year comparative period. The decrease is primarily due to a \$21.3 million change in our operating assets and liabilities. The change was partially offset by a \$9.4 million increase in depreciation and amortization expenses related to our recent increased fixed assets from our DAS build-out projects, Wi-Fi networks, and software development, a \$2.6 million decrease in our net loss, a \$0.6 million increase in stock-based compensation expenses, and a \$0.4 million increase in impairment losses and losses on disposal of fixed assets, net.

Net Cash Used in Investing Activities

For the six months ended June 30, 2017, we used \$33.1 million in investing activities, a decrease of \$31.2 million from the prior year comparative period. The decrease is due to a \$32.3 million decrease in purchases of property and equipment, which was partially offset by \$1.2 million of cash paid for a caching technology intangible asset, which we acquired in November 2016.

Net Cash (Used in) Provided by Financing Activities

For the six months ended June 30, 2017, we used \$11.4 million of cash in financing activities compared to \$3.1 million of cash provided from financing activities from the prior year comparative period. This change is primarily due to a \$10.2 million increase in payments on our Credit Facility, a \$5.0 million decrease in proceeds from our Credit Facility, a \$0.9 million increase in cash used to pay federal, state, and local employment payroll taxes related to our RSUs that vested during the period, and a \$0.5 million increase in cash paid for our capital leases and notes payable. The changes were partially offset by a \$1.8 million increase in proceeds from exercise of stock options.

Table of Contents**Contractual Obligations and Commitments**

The following table sets forth our contractual obligations and commitments as of June 30, 2017:

	Total	Payments Due By Period			
		Less than 1 Year	2 - 3 Years (in thousands)	4 - 5 Years	More than 5 Years
Venue revenue share minimums(1)	\$ 38,430	\$ 8,473	\$ 11,158	\$ 10,085	\$ 8,714
Operating leases for office space(2)	29,024	3,202	6,313	6,311	13,198
Open purchase commitments(3)	21,956	21,956			
Credit Facility(4)	6,313	875	5,438		
Capital leases for equipment and software(5)	6,536	3,254	3,282		
Unrecognized tax benefits(6)	229	229			
Notes payable(7)	2,384	1,273	1,111		
Total	\$ 104,872	\$ 39,262	\$ 27,302	\$ 16,396	\$ 21,912

(1) Payments under exclusive long-term, non-cancellable contracts to provide wireless communications network access to venues such as airports. Expense is recorded on a straight-line basis over the term of the lease.

(2) Office space under non-cancellable operating leases.

(3) Open purchase commitments are for the purchase of property and equipment, supplies and services. They are not recorded as liabilities on our condensed consolidated balance sheet as of June 30, 2017 as we have not received the related goods or services.

(4) Long-term debt associated with our Credit Agreement with Bank of America N.A. Payments are based on contractual terms and intended timing of repayments of long-term debt.

(5) Leased equipment, primarily for data communication and database software, under non-cancellable capital leases.

(6) The unrecognized tax benefits are related to uncertain tax positions taken in our income tax return that would impact the effective tax rate or additional paid-in capital, if recognized, (refer to Note 6 to the accompanying condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q).

(7) Notes payable assumed in our acquisition of Endeka Group, Inc. in 2013 and loans payable related to financed equipment and prepaid maintenance service purchases.

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.

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, 2016 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 13, 2017.

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, which is incorporated herein by this reference.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

We are exposed to various market risks including: (i) interest rate risk and (ii) foreign currency exchange rate risk. The risk of loss is assessed based on the likelihood of adverse changes in fair values, cash flows or future earnings.

Interest rate risk. Our Revolving Line of Credit and Term Loan bears, at our election, interest at a variable interest rate of LIBOR plus 2.5% - 3.5% or Lender's Prime Rate plus 1.5% - 2.5% per year. The interest rate on the Term Loan resets at the end of each three month period. 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, 2017 would not have a material impact on net loss and cash flow.

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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, 2017 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. Our foreign operations are not material to our operations as a whole. As such, 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, 2017, 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, the 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, 2017, 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.

Table of Contents**PART II. OTHER INFORMATION****Item 1. Legal Proceedings**

The information set forth in Note 8 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, 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, 2016 filed with the SEC on March 13, 2017, 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. There have been no material changes in the risk factors contained in our Annual Report on Form 10-K.

Items 2, 3 and 4 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	Form	Incorporated by Reference		Filed Herewith
			Date	Number	
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	
10.1	2001 Stock Incentive Plan Notice of Option Grant and Option Agreement.				X

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10.2	2011 Equity Incentive Plan Notice of Restricted Stock Unit Award and Restricted Stock Unit Agreement (Performance Stock Units).	X
10.3	2011 Equity Incentive Plan Notice of Restricted Stock Unit Award and Restricted Stock Unit Agreement.	X
31.1	Certification of David Hagan, 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 David Hagan, 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

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101	The following financial information from the Quarterly Report on Form 10-Q of Boingo Wireless, Inc. for the quarter ended June 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at June 30, 2017 and December 31, 2016 for Boingo Wireless, Inc.; (ii) Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2017 and 2016 for Boingo Wireless, Inc.; (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2017 and 2016 for Boingo Wireless, Inc.; (iv) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2017 and 2016 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
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Indicates a management contract or compensatory plan.

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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 4, 2017

By:

/s/ DAVID HAGAN
David Hagan
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

BOINGO WIRELESS, INC.

Date: August 4, 2017

By:

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