Inseego Announces Debt Reduction and Restructuring Transactions of Convertible Notes due 2025

July 1, 2024

Company executes capital structure management initiative to reduce total debt by purchasing for cash and exchanging for long-term debt and equity, $125 million of face value, or nearly 80% of outstanding convertible notes, at 30% discount

SAN DIEGO--(BUSINESS WIRE)--Jul. 1, 2024-- Inseego Corp. (Nasdaq: INSG) (the "Company"), a technology leader in 5G mobile and fixed wireless solutions for mobile network operators, Fortune 500 enterprises, and SMBs, announced today that it has entered into a series of agreements, as part of its overall capital structure management to reduce its total debt and restructure its outstanding 3.25% convertible notes due 2025 (the "2025 Notes"). As part of this initiative, the Company's three largest noteholders, whose holdings represent more than $125 million face value or nearly 80% of the outstanding 2025 Notes, have agreed to sell to the Company for cash, or exchange for long-term debt and equity of the Company, all of their 2025 Notes. This meaningful reduction and long-term extension of debt was executed at a 30% discount to the face value of the notes, further contributing to the improvement of the Company's capital structure.

In implementing this strategic capital structure initiative, the Company executed three overall transactions on June 28, 2024, as follows: (1) Convertible Debt Repurchase: the Company agreed to purchase all of the $45.9 million in face value of the 2025 Notes (the "Highbridge Notes") held by certain entities managed by Highbridge Capital Management, LLC (such entities, "Highbridge"), the second largest noteholder, for $32.1 million in cash, or $700 per $1,000 face value, plus accrued interest, the repurchase and debt reduction of which is expected to close on or about July 1, 2024; (2) Repurchase Loan: to finance a portion of the Convertible Debt Repurchase, the Company entered into a loan facility and borrowed $19.5 million from (i) South Ocean Funding, LLC ("South Ocean"), which is an affiliate of Golden Harbor Ltd. ("Golden Harbor") and Tavistock Financial, LLC, and (ii) certain participant lenders (the "Participating Lenders"); and (3) Convertible Debt Exchange: the Company entered into binding term sheets to exchange $80.0 million of face value that represents all of the 2025 Notes held by North Sound Partners and Golden Harbor (the "Noteholders"), the largest and third-largest noteholders, respectively, at the same 30% discount as the Highbridge Notes purchase, for a combination of new long-term debt and equity.

"With today's announcement, we are delivering on our commitment and taking meaningful steps to significantly reduce our debt burden and strengthen the Company's financial position," said Inseego Executive Chairman Philip Brace. "This is a tremendous result for Inseego, and we are pleased by the support from our existing stakeholders who have demonstrated their belief in the Company's future. While we still have some work to do, I believe that with this restructuring, coupled with our improving operational results, Inseego is well-positioned for long-term success."

To finance a portion of the $32.1 million Convertible Debt Repurchase of the Highbridge Notes, the Company borrowed $19.5 million (the "Loan") pursuant to a Loan and Security Agreement (the "Loan Agreement") with South Ocean and the Participating Lenders, which consist of Philip Brace, the Company's Executive Chairman, and North Sound Ventures, LP.

The Company's obligations under the Loan Agreement are guaranteed by two of the Company's wholly-owned subsidiaries and are secured by a continuing security interest in substantially all of the property of the Company and its subsidiaries. The Loan matures on September 30, 2024, but the Company may request an extension of the maturity date of up to six months, to March 31, 2025, which the Lender and each Participating Lender may grant or deny with respect to each of their respective portions of the Loan. Borrowings under the Loan will bear interest at 12.0% per year. Upon any repayment or prepayment of the amounts borrowed under the Loan (including at maturity), the Company will be required to pay an exit fee equal to 4.0% of the aggregate principal amount prepaid or repaid. The Company looks forward to pursuing several alternatives to manage this short-term financing at or potentially before maturity, from paying it down for cash, rolling it over, or refinancing it to longer-dated notes, among other alternatives.

In connection with the Loan Agreement, the Company paid an arrangement and administration fee of $150,000 to the Lender and issued warrants to purchase an aggregate of 550,000 shares of the Company's Common Stock to the Lender and the Participating Lenders (the "Loan Warrants"). The Loan Warrants have an exercise price of $12.12 per share of Common Stock, will expire four years from the date of issuance, and will be exercisable on a cash basis such that their exercise would provide the Company with approximately $6.7 million in cash.

Under the Convertible Debt Exchange, the Company has agreed to effect debt exchanges with the Noteholders for their $80.0 million in aggregate principal of the 2025 Notes. Under the terms of the binding Exchange Term Sheets, the Noteholders agreed to exchange all of their 2025 Notes for a combination of new long-term debt and equity of the Company at the same discounted price of $700 per $1,000 face value as in the Highbridge Notes repurchase.

Pursuant to the Exchange Term Sheets, the Noteholders will receive (i) an aggregate of approximately 2.4 million shares of the Company's common stock, par value $0.001 per share ("Common Stock"), (ii) $31.8 million in principal amount of new long-term senior secured notes (the "New Notes"), and (iii) warrants to purchase an aggregate of approximately 1.5 million shares of Common Stock of the Company (the "Exchange Warrants") – all to be issued in concurrent private placement transactions (the "Exchange Transactions") that are expected to close later in 2024, subject to, among other things, the execution and delivery of one or more final agreements reflecting the terms contained in the binding Exchange Term Sheets.

The New Notes to be issued in the Exchange Transactions will bear interest at 9.0% annually, paid in cash in arrears on a semi-annual basis, and will have a maturity date of May 1, 2029. The New Notes will be senior secured indebtedness of the Company and will rank prior in right of payment to the remaining 2025 Notes. With the same terms as the Loan Warrants, the Exchange Warrants will have an exercise price of $12.12 per share of Common Stock, will expire four years from the date of issuance, and will be exercisable on a cash basis such that their exercise would provide the Company with approximately $18.7 million in cash.

After the repurchase of the Highbridge Notes and the completion of the Exchange Transactions, approximately $33.0 million remaining principal amount of the 2025 Notes is expected to be outstanding, and the Company's total debt is expected to be reduced to $84.3 million. Using the Company's adjusted EBITDA for the trailing 12 months ended March 31, 2024 of approximately $16.5 million and cash at March 31, 2024 of $12.3

million, this implies a net debt ratio of approximately 4.4x.

“We’re pleased that we have been able to make such meaningful progress in reducing the Company’s leverage and right-sizing the capital structure with relatively moderate dilution to our stockholders,” said Steven Gatoff, Inseego Chief Financial Officer. “We look forward to further capitalizing on the solid trajectory driven by the Company’s strong continued revenue growth, adjusted EBITDA profitability, and cash generation.”

The Company also announced today that there was no change to its financial guidance provided for the second quarter of 2024.

South Ocean is an affiliate of Golden Harbor and Tavistock Group. North Sound Ventures, LP and North Sound Partners are affiliates of North Sound Management, Inc. As of the date hereof, each of Golden Harbor and North Sound Management, Inc. are beneficial owners of in excess of 5% of the Company’s outstanding Common Stock. James B. Avery, a member of the Company’s Board of Directors, currently serves as Senior Managing Director of Tavistock Group, an affiliate of South Ocean.

Raymond James served as financial advisor and Greenberg Traurig LLP served as counsel to the Company in connection with the restructuring transactions.

For additional information, please refer to the 8-K filed with the U.S. Securities and Exchange Commission and available on Inseego’s investor relations website.

About Inseego Corp.

Inseego Corp. (Nasdaq: INSG) is the industry leader in 5G Enterprise cloud WAN solutions, with millions of end customers and thousands of enterprise and SMB customers on its 4G, 5G, and cloud platforms. Inseego’s 5G Edge Cloud combines the industry’s best 5G technology, rich cloud networking features, and intelligent edge applications. Inseego powers new business experiences by connecting distributed sites and workforces, securing enterprise data, and improving business outcomes with intelligent operational visibility---all over a 5G network. For more information on Inseego, visit www.inseego.com #Putting5GtoWork

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Cautionary Note Regarding Forward-Looking Statements

Some of the information presented in this news release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements often address expected future business and financial performance and often contain words such as “may,” “estimate,” “anticipate,” “believe,” “expect,” “intend,” “plan,” “project,” “will” and similar words and phrases indicating future results. The information presented in this news release related to our expectations regarding the consummation of the Convertible Debt Exchange, our future business outlook, financial performance and working capital needs, the future demand for our products, and other statements that are not purely historical facts are forward-looking. These forward-looking statements are based on management’s current expectations, assumptions, estimates, and projections. They are subject to significant risks and uncertainties that could cause results to differ materially from those anticipated in such forward-looking statements. The Company, therefore, cannot guarantee future results, performance, or achievements. Actual results could differ materially from our expectations.

Factors that could cause actual results to differ materially from the Company’s expectations include: (1) our ability to negotiate, execute and deliver final agreements reflecting the terms contained in the Exchange Term Sheets; (2) the future demand for wireless broadband access to data and asset management software and services and our ability to accurately forecast; (3) the growth of wireless wide-area networking and asset management software and services; (4) customer and end-user acceptance of the Company’s current product and service offerings and market demand for the Company’s anticipated new product and service offerings; (5) our ability to develop sales channels and to onboard channel partners; (6) dependence on a small number of customers for a significant portion of the Company’s revenues and accounts receivable; (7) increased competition and pricing pressure from participants in the markets in which the Company is engaged; (8) dependence on third-party manufacturers and key component suppliers worldwide; (9) the impact of fluctuations of foreign currency exchange rates; (10) the impact of supply chain challenges on our ability to source components and manufacture our products; (11) unexpected liabilities or expenses; (12) the Company’s ability to introduce new products and services in a timely manner, including the ability to develop and launch 5G products at the speed and functionality required by our customers; (13) litigation, regulatory and IP developments related to our products or components of our products; (14) the Company’s ability to raise additional financing when the Company requires capital for operations or to satisfy corporate obligations, including through the potential exercsise of the Loan Warrants or the Exchange Warrants (if issued); (15) the Company’s plans and expectations relating to acquisitions, divestitures, strategic relationships, international expansion, software and hardware developments, personnel matters, and cost containment initiatives, including restructuring activities and the timing of their implementations; (16) the global semiconductor shortage and any related price increases or supply chain disruptions, (17) the potential impact of COVID-19 or other global public health emergencies on the business, (18) the impact of high rates of inflation and rising interest rates, and (19) the impact of geopolitical instability on our business.

These factors, as well as other factors set forth as risk factors or otherwise described in the reports filed by the Company with the SEC (available at www.sec.gov), could cause results to differ materially from those expressed in the Company’s forward-looking statements. The Company assumes no obligation to update publicly any forward-looking statements, even if new information becomes available or other events occur in the future, except as otherwise required under applicable law and our ongoing reporting obligations under the Securities Exchange Act of 1934, as amended.

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