

appgate

May 3, 2024

To: HOLDERS OF 1L CONVERTIBLE NOTES CLAIMS AND 2L CONVERTIBLE NOTES CLAIMS

Reference is made to the *Disclosure Statement Relating to the Joint Prepackaged Plan of Reorganization of Appgate, Inc. and Its Debtor Subsidiaries Pursuant to Chapter 11 of the Bankruptcy Code* (as amended, supplemented, or otherwise modified from time to time, the “Disclosure Statement”).¹ As explained in further detail in the Disclosure Statement, on May 3, 2024, after engaging in extensive, arm’s-length, good-faith negotiations, Appgate, Inc. and certain of its subsidiaries (collectively, the “Debtors”)² entered into a restructuring support agreement (the “RSA,” and the transactions contemplated thereby, the “Restructuring Transactions”) with Holders of 100% of the 1L Convertible Notes Claims, Holders of 100% of the 2L Convertible Notes Claims, Holders 100% of the RCF Claims, and approximately 89% of Holders of Equity Interests in Appgate, Inc.

The Restructuring Transactions provide for, among other things, a full equitization of approximately \$169.4 million of the Debtors’ prepetition funded debt obligations and a commitment by the DIP Lenders to provide up to \$18 million of debtor-in-possession facility. Importantly, the Restructuring Transactions also provide that all trade, customer, employee, and other non-funded debt claims will be Unimpaired and Reinstated.

In accordance with the RSA, the Debtors intend to implement the Restructuring Transactions by commencing voluntary cases (the “Chapter 11 Cases”) under chapter 11 of the United States Code (the “Bankruptcy Code”) and seeking confirmation of the *Joint Prepackaged Plan of Reorganization of Appgate, Inc. and Its Debtor Subsidiaries Pursuant to Chapter 11 of the Bankruptcy Code* (as amended, supplemented, or otherwise modified from time to time, the “Plan”). Utilizing a “prepackaged” chapter 11 plan of reorganization will enable the Debtors to continue their day-to-day business operations with limited disruption, spend a significantly shorter amount of time in bankruptcy, and spend less time and money on the administration of the Chapter 11 Cases.

¹ Capitalized terms used but not defined herein have the meanings given to such terms in the Disclosure Statement, the Plan, or the Ballot (each as defined herein), as applicable.

² The anticipated Debtors in the chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Appgate, Inc. (7231); Appgate Cybersecurity, Inc. (5215); Cryptzone Worldwide Inc. (3539); Cryptzone International Holdings Inc. (6133); Cryptzone North America Inc. (6777); Immunity, Inc. (3955); Immunity Federal Services, LLC (9722); Immunity Products, LLC (9570); Immunity Services, LLC (9647); Easy Solutions Enterprises Corp. (1954); Catbird Networks, Inc. (6028); and Easy Solutions, Inc. (0401).

As set forth in the Plan and described in the Disclosure Statement, the Plan provides for the following recoveries to Holders of 1L Convertible Notes Claims and 2L Convertible Notes Claims:

- **1L Convertible Notes Claims (Class 3) Treatment:**

- (a) On the Effective Date, each Holder of an Allowed 1L Convertible Notes Claim will receive, in full and final satisfaction of such 1L Convertible Notes Claim, such Holder's Pro Rata share, calculated as if the DIP Claims were included in the Class 3 1L Convertible Notes Claims, of (i) the Series A Units and (ii) the Class C Magnetar Units.
- (b) An election may be made prior to the Effective Date by or on behalf of a Holder of 1L Convertible Notes to receive Series A-1 Units and Class C-1 Common Units, which Series A-1 Units and Class C-1 Common Units will provide the same economic benefit to such Holder as such Holder's Pro Rata share of Series A Units and Class C Common Units distributable pursuant to Article III.B.2(b) of the Plan.

- **2L Convertible Notes Claims (Class 4) Treatment:** On the Effective Date, each Holder of an Allowed 2L Convertible Notes Claim will receive, in full and final satisfaction of such 2L Convertible Notes Claim, (i) the Series B Units and (ii) the Class C AGF Units.

As a Holder of 1L Convertible Notes Claims and/or 2L Convertible Notes Claims as of the Voting Record Date of April 30, 2024, you may: (a) vote to accept or reject the Plan; and (b) consider whether to opt-out of the releases in the Plan, in each case by indicating such election on the enclosed ballot (the "Ballot"). Such elections must be made in accordance with the instructions set forth in the Ballot by the Voting Deadline of May 5, 2024, at 12:00 p.m., Prevailing Eastern Time.

Please review the enclosed Disclosure Statement carefully for details about voting, recoveries, the Debtors' proposed financial restructuring, the Debtors' financial performance, and other important matters.

The Debtors believe that the acceptance of the Plan is in the best interests of their estates and all other parties in interest. Moreover, the Debtors believe that any alternative other than confirmation of the Plan could result in extensive delays and increased administrative expenses, which, in turn, likely would result in smaller distributions (or no distributions) or recoveries on account of Claims asserted in, or Equity Interests held related to, these Chapter 11 Cases.

<u>THE DEBTORS STRONGLY URGE YOU TO PROPERLY AND TIMELY SUBMIT YOUR BALLOT CASTING A VOTE TO ACCEPT THE PLAN BY 12:00 P.M., PREVAILING EASTERN TIME, ON MAY 5, 2024.</u>

The Debtors have established the following timetable for the solicitation process:

VOTING RECORD DATE: April 30, 2024

VOTING DEADLINE: May 5, 2024, at 12:00 p.m., Prevailing Eastern Time

Should you have any questions or require copies of the solicitation materials, you may contact the Solicitation Agent by emailing appgateinfo@drc.equiniti.com or by contacting the Solicitation Agent, Donlin, Recano & Company, Inc., by phone at (877) 896-3192 (toll free from US/Canada) or 1 (212) 771-1128 (international). The Solicitation Agent cannot and will not provide legal advice. If you need legal advice, you should consult an attorney.

Copies of certain orders, notices, and pleadings, as well as other information regarding these Chapter 11 Cases, are available for inspection free of charge on the Debtors' website at <https://www.donlinrecano.com/appgate> or at <https://www.deb.uscourts.gov>.

Sincerely,

/s/ Jeremy Dale

Jeremy Dale
General Counsel
Appgate, Inc.
on behalf of itself and its Debtor subsidiaries