



## Letter to Shareholders

May 16, 2016

Dear Inventergy Global Shareholders:

Since my last update to you in July 2015, we have completed a second successful year as a public company, developed a robust pipeline of monetization opportunities and launched an exciting new business venture. In this letter, I will expand on our recent developments and provide further insight into our strategy and our short-term and mid-term prospects going forward.

In 2015, we completed our first three IP monetization transactions. This was significant because it demonstrated our ability to generate value from our patent portfolio. We closed out the second half of the year with a settlement with Genband US LLC and received an undisclosed settlement fee, bringing our full year revenues to \$4.88 million, a 580% increase over 2014's revenue level.

### Recent Capital Structure and Financing Developments

On the financing side, in October 2015 we completed an exchange of all of our classes of preferred stock into common stock. In December 2015 we completed a 1-for-10 reverse split, and since July 2015 we've repaid nearly \$3.1 million of the Fortress debt. In addition, Fortress granted us the flexibility to postpone making additional amortization payments that were originally scheduled to start October 1, 2015 to July 1, 2016 and also lowered the threshold for our required minimum cash balance until that time. This was a significant milestone for us given the support from Fortress, which not only enhanced our balance sheet but also provided us with cash reserves to further drive our IP monetization efforts.

Another very important transaction that we completed at the end of 2015 was an amendment to the Panasonic Patent Purchase Agreement ("**PPA**"). As part of the PPA, we are required to pay Panasonic 20% of the net revenue (gross income minus certain third party expenses) for income received from the licensing or sales of the Panasonic patents. Under the original PPA, these payments were guaranteed to be at least \$18 million over three years based on certain milestones. Significant interest payments were due if the milestones were not met. As part of the amendment of the PPA, the guaranteed payments were eliminated, \$1 million in accrued interest was reversed and no future interest payments are due. The effects of this amendment resulted in further improvements to our balance sheet and income statement.

In January 2016, we completed a \$2.5 million financing of Series C preferred stock and warrants. Our purpose with this financing (and the Series D financing described below) is to provide the Company with bridge financing until we can close significant revenue

transactions. We can redeem the Series C preferred stock at \$2.25 per share anytime prior to July 26, 2016.

Lastly, just last week, we completed a \$369,000 at-market private financing (Series D preferred stock and warrants) in which I invested as did 100% of our Board of Directors. We can redeem the Series D preferred stock between \$2.38 and \$2.67 per share prior to November 14, 2016.

### **Inventergy Innovations- New Strategic Business Initiative to Drive Revenues**

Earlier this month we announced the launch of our new strategic business initiative to commercialize a broader range of intellectual assets and innovations beyond our current telecommunications industry patent assets. Our new subsidiary, Inventergy Innovations, LLC ("**Inventergy Innovations**") has already entered into binding letters of intent with four companies who have unique technology and intellectual property with potentially significant market opportunities. In these engagements, Inventergy Innovations will obtain exclusive rights to the commercialization of some or all of the technology and intellectual property of these firms and will share the proceeds of the commercialization efforts with these companies. Each engagement is unique with some involving transfer of ownership of the assets and/or modest initial or ongoing progress payments.

While we remain optimistic about our current patent monetization efforts and opportunities, we recognize that the traditional intellectual property licensing business model can be litigious, time-consuming and risky. A litigation centric patent licensing business typically has a 24 to 48 month time horizon to obtain revenue. The objective of our Inventergy Innovations technology commercialization model is to obtain initial revenue within 12 months or less from initial engagement. This initiative expands our revenue opportunity and is a business model with lower up-front capital outlays and lower operating costs relative to the revenue opportunity. Our efforts thus far have already resulted in binding letters of intent with four companies and created a rich opportunity funnel of 10 other companies we are presently evaluating, demonstrating the high level of interest in our unique commercialization approach

The initial companies that have engaged with Inventergy Innovations include:

1. Pabellon Power, Inc. – owns a magnetics technology that enables connector-less, wireless power and data transfer to mobile electronic devices and lighting and the ability to sense presence or disturbances in the magnetics. This technology offers significantly lower cost solutions that facilitate design flexibility through miniaturization.
2. Inoue Office Company, Ltd. – owns a proprietary chemical formulation of nano zinc–aluminum oxide that can be used in wood preservation and termite protection, food packaging to reduce spoilage and anti-fungi/deodorant for textiles. The proprietary formulation is considered to be safer and easier to apply than current formulations used in these areas.
3. GTX Corp (OTCBB:GTXO) - owns a technology that is applicable to remotely configurable

tracking and location devices including smartphones and other GPS based products that are in use today and is expected to be even more heavily deployed in the future as the wearable market grows. Collectively this represents a very sizable addressable market.

4. Lopoco, Inc. – designs and manufactures ultra efficient green-tech servers that uses 75% less energy and 50% less space than conventional servers without sacrificing performance. Lopoco servers are built on proven, available technology without costly custom chips and non-conforming form factors. By lowering HVAC requirements of server installations, they offer significant cost savings and provide expansion value to companies whose data centers today are at or approaching maximum HVAC or power capacity.

I am excited about this new dimension of our business model, which has been in the planning stage for over six months and, interestingly, was the original vision for Inventergy four years ago - prior to the Company having any other permanent staffing or funding. A patent licensing model still represents a good business opportunity, but I believe strongly that to fully leverage the talent and skill set of a premier IP value creation team, a more diversified business model is important. We believe that this model will provide accretive value and greater diversification for our stockholders.

To run this business division, we appointed Ken Cannizzaro as President of Inventergy Innovations. Ken was previously the head of my Technology Licensing program at Hewlett-Packard Company (“HP”) when I was in charge of HP’s IP business, growing the technology program to a very successful and profitable program. Prior to that, Ken was a founding executive of IP Value. Ken and I together have closed hundreds of millions of dollars in IP technology commercialization transactions similar to the Inventergy Innovations program. One such technology was highlighted on the cover of the December, 2008 issue of IEEE Spectrum Magazine as, “The Greatest Electronics Invention of the Last 25 Years.”

### **Looking Ahead & Strategic Outlook**

We have been successful at gaining access to the right executives in the potential licensing firms and generally engaging in collaborative discussions. While we have closed some licensing deals, the licensing uptake has been slower than we anticipated. Key factors that have influenced these results are the effects of the America Invents Act, the follow-up actions by Congress and the judicial system and the rhetoric of the current administration. We are also faced with debt repayment conditions on the Fortress debt. As described earlier, we have a broad patent portfolio that covers several very large market segments. As a result, in the past 6 months we have decided to sell off selective patents from one or more of our market segments. The interest generated by these patents thus far has been extremely high. We have a rich pipeline of evaluations and have already received offers that collectively are multiple times larger than the cumulative revenue of the Company since inception.

Our plan is to close one or more of these patent sales, reduce or eliminate the Fortress debt and “double down” on the market segments covered by the remaining patent assets. To this end, we are engaging contingent litigation firms and litigation funding sources which may enable us to properly fund a credible and sustaining IP assertion program. The PPA

amendment and the potential elimination of the Fortress debt are key enablers to this business model that has been challenging for us to execute. Six months ago we could not have enlisted partners of this type.

Lastly, and very excitedly, the Inventergy Innovations initiative promises to create a growing and perhaps more predictable revenue stream and overall business model featuring:

- Potential shorter cycles to revenue;
- Lower upfront capital costs; and
- Lower ongoing operating costs.

Initial funding for this effort is intended to partially come from the public capital markets , but we also have private firms interested in directed investments in one, some or all of the technology commercialization partnerships that we have already created and are currently evaluating. We have closed four binding letters of intent and have 10 more in serious evaluation – some that are close to agreements.

To summarize, we are creating short term cash opportunities, launching a set of new short to mid-term IP monetization opportunities and building the capacity to fully execute the longer-term, potentially lucrative opportunities. My team and I are working hard to create enhanced value for the Company's shareholders and I believe that we are now positioned to drive the business forward in a positive way. I and the entire board of directors are committed to seeing the Company through these transitions to the next phase, which is evidenced by the participation of all of us in the Company's recent private financing. I personally want to thank all of you for your previous and ongoing support as we move forward.

Sincerely,

Joe Beyers  
Chairman & CEO