



## Vroom Announces Equity-for-Debt Recapitalization

November 12, 2024

### Positions the Company for Long-Term Growth

NEW YORK--(BUSINESS WIRE)--Nov. 12, 2024-- Vroom, Inc. (Nasdaq: VRM), a leading automotive finance company and an AI-powered analytics and digital services platform for automotive retail, today announced that it has made the strategic decision to enter into a Restructuring Support Agreement (RSA) with holders of an overwhelming majority of its outstanding funded debt and its largest stockholder. The parties to the RSA have agreed to pursue a comprehensive transaction that will restructure Vroom, Inc.'s outstanding funded debt, consisting of approximately \$290 million of unsecured convertible senior notes due in 2026 (Notes), into equity. Vroom, Inc. is the holding company of operating subsidiaries including United Auto Credit Corporation (UACC), CarStory, LLC (CarStory), and Vroom Automotive, LLC and does not itself have operations.

- Vroom, Inc. intends to voluntarily file a prepackaged plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas. Vroom, Inc.'s subsidiaries are not expected to be impacted by the prepackaged Chapter 11 case and are expected to continue to operate in the ordinary course. Vroom, Inc. anticipates emerging promptly from the prepackaged Chapter 11 case at the end of 2024 or early 2025.

Pursuant to the transaction, the Notes will be converted into new shares of common stock (New Common Stock) and, upon consummation of the plan of reorganization, certain classes of claims and interests will receive the following treatment:

- Existing holders of Vroom, Inc. common stock will exchange each existing share of common stock for one share of New Common Stock and one warrant to purchase a share of New Common Stock. The warrants will be exercisable for five years at a strike price of \$12.19 per share. The current common stockholders will own approximately 7.06% of the New Common Stock following the execution of the restructuring transactions, subject to dilution.
  - Each holder of Notes will receive New Common Stock equal to 75% of the face value of its Notes, assuming a per share value of \$9.14 (the average daily market price of Vroom Inc.'s existing common stock from September 23, 2024, the date on which the new Long-Term Strategic Plan was released, to November 8, 2024, two business days before the signing of the RSA based on current outstanding shares). The holders of the unsecured Notes will own approximately 92.94% of the New Common Stock as of consummation of the transactions, and subject to dilution.
  - Existing holders of options or restricted stock units will receive new awards exchangeable into New Common Stock on the same terms and conditions, and for the same number of units, applicable to their existing awards in respect of the existing Vroom stock.
- Trade creditors and all other general unsecured creditors are expected to be paid in full in connection with the chapter 11 case. Additionally, trade creditors of Vroom's operating subsidiaries are not expected to be impacted.
  - Vroom does not anticipate that any creditors of the consolidated enterprise will ultimately be affected other than the holders of the unsecured Notes.
  - Vroom intends to structure the prepackaged Chapter 11 case in a manner that maximizes the ability to utilize a substantial portion of its approximately \$1.5 billion in federal tax net operating losses after emerging from Chapter 11.

"Since winding down our ecommerce used automotive dealer business, we have been focused on maximizing the value of our remaining assets for our stakeholders. We believe eliminating our unsecured Notes will significantly strengthen our balance sheet and allow us to emerge without any long-term debt at Vroom, Inc., while its subsidiary, UACC, will continue to be obligated to debt that is related to asset-backed securitizations and their trust preferred securities. Our team remains focused on executing our Long-Term Strategic Plan," said Tom Shortt, Chief Executive Officer of Vroom.

"As an investor in the Company since 2022, we have seen Vroom leadership consistently deliver on its commitments, and we are excited to be a major stakeholder in the next chapter as they implement their Long-Term Strategic Plan," said Jason Mudrick, Chief Investment Officer of Mudrick Capital Management, LP, which was instrumental in the negotiations leading to the RSA.

As part of the case, Vroom, Inc. intends to file a number of customary motions with the bankruptcy court that will allow the continuation of normal business operations. Following court approval and the completion of the anticipated prepackaged Chapter 11 case, reorganized Vroom, Inc. intends to use commercially reasonable efforts to relist the New Common Stock for trading on Nasdaq, the New York Stock Exchange, or a comparable nationally recognized securities exchange following the consummation of the plan of reorganization.

### Advisors

Porter Hedges LLP is serving as bankruptcy counsel, Latham & Watkins LLP is serving as special corporate counsel, Stout Risius Ross, LLC is serving as financial advisor, and Verita Global is serving as claims and noticing agent.

### About Vroom (Nasdaq: VRM)

Vroom owns and operates United Auto Credit Corporation (UACC), a leading automotive lender serving the independent and franchise dealer market nationwide, and CarStory, a leader in AI-powered analytics and digital services for automotive retail. Prior to January 2024, Vroom also operated an end-to-end ecommerce platform to buy and sell used vehicles. Pursuant to its previously announced Value Maximization Plan, Vroom discontinued its ecommerce operations and wound down its used vehicle dealership business.

### Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding the anticipated prepackaged Chapter 11 case contemplated by the RSA, the recapitalization of debt, their intended benefits, their impact on our ongoing operations and operating subsidiaries, our intention to list New Common Stock on a national securities exchange, our expectations regarding UACC's business, including with respect to its securitizations, our ability to execute on our Long-Term Strategic Plan, and the timing of any of the foregoing. These statements are based on management's current assumptions and are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from the forward-looking statements in this press release include: we are subject to risks and uncertainties associated with the anticipated prepackaged Chapter 11 case; we may not be able to obtain confirmation of the plan of reorganization contemplated by the RSA; if the RSA is terminated, our ability to confirm and consummate the plan of reorganization contemplated by the RSA could be materially and adversely affected; the RSA is subject to significant conditions and milestones that may be difficult for us to satisfy; trading in our securities is highly speculative and poses substantial risks; if the plan of reorganization contemplated by the RSA becomes effective, the holders of our existing common stock will be diluted; following the effectiveness of the plan of reorganization contemplated by the RSA, certain holders of claims or causes of action relating to the unsecured Notes, if they choose to act together, will have the ability to significantly influence all matters submitted to stockholders of the reorganized company for approval; our business could suffer from a long and protracted restructuring; as a result of the anticipated prepackaged Chapter 11 case, our historical financial information will not be indicative of our future performance; we are subject to claims that will not be discharged in the anticipated prepackaged Chapter 11 case, which could have a material adverse effect on our financial condition and results of operations; the anticipated prepackaged Chapter 11 case has consumed and is expected to continue to consume a substantial portion of the time and attention of our management, which may have an adverse effect on our business and results of operations, and we may experience increased levels of employee attrition; upon our emergence from bankruptcy, the composition of our board of directors may change; the anticipated prepackaged Chapter 11 case raises substantial doubt regarding our ability to continue as a going concern; our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could materially adversely affect our business, financial condition and results of operations and impair our ability to satisfy our debt obligations; we may be unable to satisfy a continued listing rule from Nasdaq, and if we are delisted, we may not be able to satisfy an initial listing rule from Nasdaq or another national securities exchange; our tax attributes and future tax deductions may be reduced or significantly limited as a result of the consummation of the plan of reorganization contemplated by the RSA and any restructuring or reorganization in connection therewith; there are risks associated with the discontinuance of our ecommerce operations and wind-down of our used vehicle dealership business; we may not generate sufficient liquidity to operate our business; as well as the other important risks and uncertainties identified under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, as updated by our Quarterly report on Form 10-Q for the quarter ended September 30, 2024, which is available on our Investor Relations website at [ir.vroom.com](http://ir.vroom.com) and on the SEC website at [www.sec.gov](http://www.sec.gov). All forward-looking statements reflect our beliefs and assumptions only as of the date of this press release. We undertake no obligation to update forward-looking statements to reflect future events or circumstances.

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Source: Vroom, Inc.