

**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 September 30, 2024**

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: 001-39315**

**VROOM, INC.**

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of  
Incorporation or Organization)

90112566

(I.R.S. Employer  
Identification No.)

3600 W Sam Houston Pkwy S, Floor 4  
Houston, Texas 77042

(Address of principal executive offices) (Zip code)

(518) 535-9125

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: \_\_\_\_\_

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	VRM	Nasdaq Global Select

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 every Interactive Data File required to be submitted 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 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.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Act). YES  NO

As of November 7, 2024, 1,822,166 shares of the registrants' common stock were outstanding.

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## GLOSSARY

Unless the context otherwise requires, or the term is otherwise defined, references in this Quarterly Report on Form 10-Q to:

- “Bankruptcy Code” are to title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended from time to time and as applicable to the Chapter 11 Case.
- “Bankruptcy Court” are to the United States Bankruptcy Court for the Southern District of Texas, Houston Division, or any other court having jurisdiction over the Chapter 11 Case.
- “Consenting Noteholders” are the Unsecured Noteholders party to the RSA, together with any Unsecured Noteholder that subsequently becomes a party to the RSA, pursuant to a joinder agreement in the form attached to the RSA, solely in its capacity as an Unsecured Noteholder.
- “Consenting Stakeholders” are to the holders of any Equity Security or other ownership interest in Vroom, the Consenting Equity Interest Holders and the Consenting Noteholders.
- “Consenting Equity Interest Holders” are to the holders of the Equity Interests or other ownership interest in Vroom that are party to the RSA.
- “Equity Interests” are to any Equity Security or other ownership interest in Vroom.
- “Equity Security” are to an “equity security” as defined in section 101(16) of the Bankruptcy Code.
- “ESO Grants” are to the five percent (5%) grant of the Fully-Diluted New Common Stock as of immediately following the Plan Effective Date that will be reserved for the issuance of stock options to purchase New Common Stock to management employees of the Company.
- “Existing Equity Awards” are to any options or restricted stock units representing rights to purchase or acquire any Equity Securities of the Debtor as in existence immediately before the Plan Effective Date.
- “Existing Equity Interests” are to any Equity Security or other ownership interest in the Debtor as in existence immediately before the Plan Effective Date, but excluding any Existing Equity Awards.
- “Existing Securities Litigation Claims” are to any claims against the Company in the following matters: (a) In re Vroom, Inc. Securities Litigation, 21-cv-2477-PGG (S.D.N.Y. Mar. 22, 2021); (b) In re Vroom, Inc. Shareholder Derivative Litigation, 21-cv-6933-PGG (S.D.N.Y. Apr. 17, 2021); (c) Godlu v. Vroom, Inc., 22-cv-00569-MN (D. Del. Apr. 28, 2022); and (d) Hudda v. Vroom, Inc., 24-cv-4499-MN (D. Del. Apr. 15, 2024).
- “Fully-Diluted New Common Stock” are to the New Common Stock calculated by including the New Common Stock issued on the Plan Effective Date, the New Warrants, the MIP Awards, and the Post-Effective Date Equity Awards, in each case on an as-converted-to-common-stock basis.
- “General Unsecured Claims” are to any unsecured Claim against the Debtor that is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, an Unsecured Notes Claim, a 510(b) Claim, or an Intercompany Claim.
- “MIP Awards” are to the RSU Awards and ESO Grants, together.
- “MIP” are to the Management Incentive Plan.
- “MIP Term Sheet” are to the terms and conditions related to the MIP set forth in the Plan.
- “New Board” are to the new board of directors of Vroom upon the Plan Effective Date.

- “New Common Stock” are to the new common stock to be issued by the Company after the Plan Effective Date.
- “New Warrants” are to the warrants to purchase shares of New Common Stock to be issued in accordance with the Plan pursuant to section 1145 of the Bankruptcy Code.
- “Plan Effective Date” is to the date on which the Plan has become effective in accordance with its terms.
- “Post-Effective Date Equity Awards” are to equity awards exchangeable into New Common Stock on the same terms and conditions that Existing Equity Awards are convertible into existing common stock of the Debtor, and for the same number of shares applicable to the Existing Equity Awards as of immediately prior to the Plan Effective Date.
- “Reorganized Debtor” are to the Company, as reorganized pursuant to and under the Plan or any successor thereto on or after the Plan Effective Date, and its successors.
- “RSU Awards” are to restricted stock units with respect to New Common Stock to be granted to employees of the Company which will (a) constitute (on an as-converted to common stock basis) ten percent (10%) of the Fully-Diluted New Common Stock as of immediately following the Plan Effective Date; (b) be allocated in good faith by the New Board in consultation with the Company’s chief executive officer; (c) unless otherwise determined by the New Board, vest on the fourth anniversary of grant, subject to the continued service of the applicable employee through such date and (d) otherwise have such terms as are determined by the New Board in consultation with the Company’s chief executive officer.
- “Unsecured Notes” are to the 0.75% unsecured Convertible Senior Notes due 2026.
- “Unsecured Noteholder” are to all holders of the Unsecured Notes Claims, whether or not party to the RSA.
- “Unsecured Notes Claim” are to all claims or causes of action relating to the Unsecured Notes.
- “510(b) Claims” are to any claim subordinated pursuant to section 510(b) of the Bankruptcy Code. For the avoidance of doubt, 510(b) Claims include the Existing Securities Litigation Claims.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding the filing of, eventual stockholder approval of, our ability to implement, and impact or benefits of the Prepackaged Chapter 11 Case (as defined below), our ability to continue as a going concern, general economic and market conditions, our future results of operations and financial condition, business strategy, and plans and objectives of management for future operations, including the impact of the Value Maximization Plan and Ecommerce Wind-Down, the ongoing activities of and potential growth of our UACC and CarStory businesses, our Long-Term Strategic Plan, our ability to maintain compliance with the listing standards of The Nasdaq Stock Market LLC ("Nasdaq"), the amendment and renewal of the Warehouse Credit Facilities (as defined herein), and the retention of key employees, are forward-looking statements. In some cases, forward-looking statements may be identified by words such as "anticipate," "believe," "contemplate," "continue," "could," "design," "estimate," "expect," "intend," "may," "plan," "potentially," "predict," "project," "should," "target," "will," "would," or the negative of these terms or other similar terms or expressions, although not all forward-looking statements contain these identifying words.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available. These forward-looking statements are subject to a number of known and unknown risks, uncertainties, assumptions, 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, including:

- 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 prepackaged plan of reorganization (the "Plan") as outlined in the Restructuring Support Agreement ("RSA");
- if the RSA is terminated, our ability to confirm and consummate the Plan 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 becomes effective, the holders of our existing common stock will be diluted;
- following the effectiveness of the Plan, certain holders of Unsecured Notes Claims (as defined herein), 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 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 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;
- our Value Maximization Plan may not be successful, and may not lead to growth and enhanced profitability for our UACC or CarStory businesses;
- UACC may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow its business;
- our business may be adversely affected by general business and economic conditions and risks related to the larger automotive ecosystem, including consumer demand;
- we have a history of losses and we may not achieve or maintain profitability in the future;
- we depend on key personnel to operate our business, and if we are unable to retain, integrate, adequately compensate, and attract qualified personnel, our ability to develop and successfully grow our business could be harmed;
- the geographic concentration of UACC's borrowers or dealerships creates an exposure to local and regional downturns or severe weather or catastrophic occurrences that may materially and adversely affect our business, financial condition and results of operations;
- UACC may be unable to sell automotive finance receivables and generate gains on sales of those finance receivables, which could harm our business, results of operations, and financial condition;
- UACC's securitizations may expose it to financing and other risks, and there can be no assurance that it will be able to access the securitization market in the future, which may require it to seek more costly financing;
- UACC is currently experiencing increasing credit losses in interests it holds in automotive finance receivables and its credit scoring systems may not effectively forecast its automotive receivables loss rates. Higher than anticipated credit losses or prepayments or the inability to effectively forecast loss rates may negatively impact our operating results;
- if UACC loses servicing rights on its automobile contracts, our results of operations would be negatively impacted;
- we are, and may in the future be, subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, financial condition and results of operations; and
- the risks described in the section titled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 and elsewhere in this Quarterly Report on Form 10-Q.

Other sections of this Quarterly Report on Form 10-Q include additional factors that could harm our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for our management to predict all risk factors nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in, or implied by, any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this report or to conform these statements to actual results or to changes in our expectations. You should read this Quarterly Report on Form 10-Q and the documents that we reference or incorporate by reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this report with the understanding that our actual future results, levels of activity, performance, and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

As used in this Quarterly Report on Form 10-Q, "Prepackaged Chapter 11 Case" refers to our anticipated filing of the voluntary proceeding under the Bankruptcy Code to be commenced by us in the United States Bankruptcy Court for the Southern District of Texas.

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**VROOM, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share amounts)  
(unaudited)

	<u>As of September 30, 2024</u>	<u>As of December 31, 2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 51,093	\$ 135,585
Restricted cash (including restricted cash of consolidated VIEs of \$46.2 million and \$49.1 million, respectively)	47,068	73,234
Finance receivables at fair value (including finance receivables of consolidated VIEs of \$446.7 million and \$341.4 million, respectively)	487,573	348,670
Finance receivables held for sale, net (including finance receivables of consolidated VIEs of \$353.8 million and \$457.2 million, respectively)	363,029	503,546
Interest receivable (including interest receivables of consolidated VIEs of \$13.1 million and \$13.7 million, respectively)	14,024	14,484
Property and equipment, net	3,055	4,982
Intangible assets, net	111,625	131,892
Operating lease right-of-use assets	6,805	7,063
Other assets (including other assets of consolidated VIEs of \$12.2 million and \$13.3 million, respectively)	36,446	59,429
Assets from discontinued operations	3,016	196,537
<b>Total assets</b>	<b>\$ 1,123,734</b>	<b>\$ 1,475,422</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Warehouse credit facilities of consolidated VIEs	\$ 321,812	\$ 421,268
Long-term debt (including securitization debt of consolidated VIEs of \$242.3 million at amortized cost and \$167.7 million at fair value as of September 30, 2024 and \$314.1 million at fair value as of December 31, 2023)	729,372	626,583
Operating lease liabilities	11,396	10,459
Other liabilities (including other liabilities of consolidated VIEs of \$16.4 million and \$14.3 million, respectively)	51,474	61,321
Liabilities from discontinued operations	4,997	228,120
<b>Total liabilities</b>	<b>1,119,051</b>	<b>1,347,751</b>
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock, \$0.001 par value; 500,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 1,808,243 and 1,791,286 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	2	2
Additional paid-in-capital	2,093,941	2,088,381
Accumulated deficit	(2,089,260)	(1,960,712)
<b>Total stockholders' equity</b>	<b>4,683</b>	<b>127,671</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,123,734</b>	<b>\$ 1,475,422</b>

*See accompanying notes to these unaudited condensed consolidated financial statements.*



**VROOM, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except share and per share amounts)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest income	\$ 50,213	47,579	\$ 153,152	\$ 128,942
Interest expense:				
Warehouse credit facility	6,251	5,522	22,708	12,279
Securitization debt	9,096	6,116	21,960	16,442
Total interest expense	15,347	11,638	44,668	28,721
Net interest income	34,866	35,941	108,484	100,221
Realized and unrealized losses, net of recoveries	38,346	37,258	87,894	76,173
Net interest income after losses and recoveries	(3,480)	(1,317)	20,590	24,048
Noninterest income:				
Servicing income	1,495	2,430	5,101	7,835
Warranties and GAP income (loss), net	3,917	146	(4,347)	3,732
CarStory revenue	2,890	2,998	8,782	9,392
Gain on debt extinguishment	—	—	—	19,640
Other income	2,419	2,057	8,344	8,160
Total noninterest income	10,721	7,631	17,880	48,759
Expenses:				
Compensation and benefits	25,365	19,851	76,651	64,413
Professional fees	1,587	3,648	6,418	11,065
Software and IT costs	3,360	4,685	12,018	14,735
Depreciation and amortization	7,105	7,298	21,963	21,720
Interest expense on corporate debt	1,601	1,593	4,541	4,460
Impairment charges	2,407	—	5,159	—
Other expenses	3,436	3,861	12,853	13,631
Total expenses	44,861	40,936	139,603	130,024
Loss from continuing operations before provision for income taxes	(37,620)	(34,622)	(101,133)	(57,217)
Provision for income taxes from continuing operations	124	117	393	453
Net loss from continuing operations	\$ (37,744)	\$ (34,739)	\$ (101,526)	\$ (57,670)
Net loss from discontinued operations	\$ (1,999)	\$ (47,988)	\$ (27,024)	\$ (165,838)
Net loss	\$ (39,743)	\$ (82,727)	\$ (128,550)	\$ (223,508)
Net loss per share attributable to common stockholders, continuing operations, basic and diluted	\$ (20.88)	\$ (19.89)	\$ (56.38)	\$ (33.16)
Net loss per share attributable to common stockholders, discontinued operations, basic and diluted	\$ (1.11)	\$ (27.48)	\$ (15.01)	\$ (95.36)
Total net loss per share attributable to common stockholders, basic and diluted	\$ (21.99)	\$ (47.38)	\$ (71.39)	\$ (128.52)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	1,807,398	1,746,154	1,800,729	1,739,042

*See accompanying notes to these unaudited condensed consolidated financial statements.*

**VROOM, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(in thousands, except share amounts)  
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2022	1,727,525	\$ 2	\$ 2,075,931	\$ (1,596,100)	\$ 479,833
Stock-based compensation	—	\$ —	\$ 2,041	\$ —	\$ 2,041
Vesting of restricted stock units	7,501	—	—	—	—
Net loss	—	—	—	(74,741)	(74,741)
Balance at March 31, 2023	1,735,026	\$ 2	\$ 2,077,972	\$ (1,670,841)	\$ 407,133
Stock-based compensation	—	\$ —	\$ 2,316	\$ —	\$ 2,316
Vesting of restricted stock units	10,591	—	—	—	—
Net loss	—	—	—	(66,039)	(66,039)
Balance at June 30, 2023	1,745,617	\$ 2	\$ 2,080,288	\$ (1,736,880)	\$ 343,410
Stock-based compensation	—	\$ —	\$ 2,891	\$ —	\$ 2,891
Vesting of restricted stock units	1,295	—	—	—	—
Net loss	—	—	—	(82,727)	(82,727)
Balance at September 30, 2023	1,746,912	\$ 2	\$ 2,083,179	\$ (1,819,607)	\$ 263,574

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2023	1,791,286	\$ 2	\$ 2,088,381	\$ (1,960,712)	\$ 127,671
Stock-based compensation	—	\$ —	\$ 1,433	\$ —	\$ 1,433
Vesting of restricted stock units	4,340	—	—	—	—
Net loss	—	—	—	(67,617)	(67,617)
Balance at March 31, 2024	1,795,626	\$ 2	\$ 2,089,814	\$ (2,028,329)	\$ 61,487
Stock-based compensation	—	\$ —	\$ 2,843	\$ —	\$ 2,843
Vesting of restricted stock units	11,151	—	—	—	—
Net loss	—	—	—	(21,188)	(21,188)
Balance at June 30, 2024	1,806,777	\$ 2	\$ 2,092,657	\$ (2,049,517)	\$ 43,142
Stock-based compensation	—	\$ —	\$ 1,284	\$ —	\$ 1,284
Vesting of restricted stock units	1,466	—	—	—	—
Net loss	—	—	—	(39,743)	(39,743)
Balance at September 30, 2024	1,808,243	\$ 2	\$ 2,093,941	\$ (2,089,260)	\$ 4,683

*See accompanying notes to these unaudited condensed consolidated financial statements.*

**VROOM, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
<b>Operating activities</b>		
Net loss from continuing operations	\$ (101,526)	\$ (57,670)
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment charges	5,159	—
Profit share receivable	10,899	—
Gain on debt extinguishment	—	(19,640)
Depreciation and amortization	21,963	21,720
Amortization of debt issuance costs	3,312	2,480
Losses on finance receivables and securitization debt, net	109,992	80,246
Stock-based compensation expense	4,949	5,126
Provision to record finance receivables held for sale at lower of cost or fair value	(3,586)	4,375
Amortization of unearned discounts on finance receivables at fair value	(12,674)	(20,273)
Other, net	(3,846)	(12,871)
Changes in operating assets and liabilities:		
<i>Finance receivables, held for sale</i>		
Originations of finance receivables, held for sale	(322,967)	(420,793)
Principal payments received on finance receivables, held for sale	133,920	71,906
Other	1,243	(868)
Interest receivable	460	(5,367)
Other assets	8,395	1,629
Other liabilities	(9,847)	(6,826)
Net cash used in operating activities from continuing operations	(154,154)	(356,826)
Net cash provided by (used in) operating activities from discontinued operations	79,257	(68,805)
Net cash used in operating activities	(74,897)	(425,631)
<b>Investing activities</b>		
<i>Finance receivables, held for investment at fair value</i>		
Purchases of finance receivables, held for investment at fair value	—	(3,392)
Principal payments received on finance receivables, held for investment at fair value	92,217	136,644
Consolidation of VIEs	—	11,409
Principal payments received on beneficial interests	1,953	4,334
Purchase of property and equipment	(2,111)	(1,926)
Net cash provided by investing activities from continuing operations	92,059	147,069
Net cash provided by (used in) investing activities from discontinued operations	15,908	(9,627)
Net cash provided by investing activities	107,967	137,442
<b>Financing activities</b>		
Proceeds from borrowings under secured financing agreements, net of issuance costs	296,145	261,991
Principal repayment under secured financing agreements	(194,746)	(159,384)
Proceeds from financing of beneficial interests in securitizations	15,821	24,506
Principal repayments of financing of beneficial interests in securitizations	(9,958)	(5,699)
Proceeds from warehouse credit facilities	257,200	332,700
Repayments of warehouse credit facilities	(356,656)	(269,698)
Repurchases of convertible senior notes	—	(13,194)
Other financing activities	(356)	(1,462)
Net cash provided by financing activities from continuing operations	7,450	169,760
Net cash used in financing activities from discontinued operations	(151,178)	(64,502)
Net cash (used in) provided by financing activities	(143,728)	105,258
<b>Net decrease in cash, cash equivalents and restricted cash</b>	(110,658)	(182,931)
Cash, cash equivalents and restricted cash at the beginning of period	208,819	472,010
<b>Cash, cash equivalents and restricted cash at the end of period</b>	<b>\$ 98,161</b>	<b>\$ 289,079</b>

(Continued on following page)

**VROOM, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**  
**(in thousands)**  
**(unaudited)**

**Supplemental disclosure of cash flow information:**

Cash paid for interest	\$ 43,669	\$ 26,746
Cash paid for income taxes	\$ 351	\$ 5,153

**Supplemental disclosure of non-cash investing and financing activities:**

Finance receivables from consolidation of 2022-2 securitization transaction	\$ —	\$ 180,706
Elimination of beneficial interest from the consolidation of 2022-2 securitization transaction	\$ —	\$ 9,811
Securitization debt from consolidation of 2022-2 securitization transaction	\$ —	\$ 186,386
Reclassification of finance receivables held for sale to finance receivables at fair value, net	\$ —	\$ 248,081

*See accompanying notes to these unaudited condensed consolidated financial statements.*

**VROOM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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## 1. Description of Business and Basis of Presentation

### *Description of Business and Organization*

Vroom, Inc., through its wholly owned subsidiaries (collectively, the "Company"), is a leading automotive finance company that offers vehicle financing to consumers through third-party dealers and an artificial intelligence ("AI")-powered analytics and digital services platform for automotive retail.

In January 2021, the Company completed the acquisition of Vast Holdings, Inc. (d/b/a CarStory). On February 1, 2022 (the "Acquisition Date"), the Company completed the acquisition of Uitas Holdings Corp. (now known as Vroom Finance Corporation), including its wholly owned subsidiaries United PanAm Financial Corp. (now known as Vroom Automotive Financial Corporation) and United Auto Credit Corporation ("UACC").

The Company was incorporated in Delaware on January 31, 2012 under the name BCM Partners III, Corp. On June 25, 2013, the Company changed its name to Auto America, Inc. and on July 9, 2015, the Company changed its name to Vroom, Inc.

### *Value Maximization Plan*

The Company was previously an end-to-end ecommerce platform to buy and sell used vehicles. On January 22, 2024, the Company announced that its Board of Directors ("Board") had approved a Value Maximization Plan, pursuant to which the Company discontinued its ecommerce operations and wound down its used vehicle dealership business in order to preserve liquidity and enable the Company to maximize stakeholder value through its remaining businesses. The Company ceased transacting through vroom.com, completed transactions for customers who had previously contracted with the Company to purchase or sell a vehicle, halted purchases of additional vehicles, sold its used vehicle inventory through wholesale channels, paid off its vehicle floorplan financing facility dated November 4, 2022 with Ally Bank and Ally Financial Inc. (the "2022 Vehicle Floorplan Facility") and conducted a reduction-in-force commensurate with the reduced operations. As of March 29, 2024, the Company substantially completed the wind-down of its ecommerce operations and used vehicle dealership business (the "Ecommerce Wind-Down").

The Company owns and operates UACC, a leading automotive finance company that offers vehicle financing to consumers through third-party dealers under the UACC brand, and CarStory, an AI-powered analytics and digital services platform for automotive retail. The UACC and CarStory businesses continue to serve their third-party customers, with their operations substantially unaffected by the Ecommerce Wind-Down.

The accounting requirements for reporting the Company's ecommerce operations and used vehicle dealership business as a discontinued operation were met as of March 29, 2024. Accordingly, the condensed consolidated financial statements and notes to the condensed consolidated financial statements reflect the results of the Company's ecommerce operations and used vehicle dealership business as a discontinued operation for the periods presented. Refer to Note 5 — Discontinued Operations for further detail. The Company is now organized into two reportable segments: UACC and CarStory. The UACC reportable segment represents UACC's operations with its network of third-party dealership customers, including the purchase and servicing of vehicle retail installment sales contracts. Prior to the Ecommerce Wind-Down, UACC also offered vehicle financing to Vroom's customers through its ecommerce platform; the UACC reportable segment also includes the runoff of these previously originated contracts. The CarStory reportable segment represents sales of AI-powered analytics and digital services to automotive dealers, automotive financial services companies and others in the automotive industry. Refer to Note 15 — Segment Information for further detail.

**VROOM, INC.**  
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***Reverse Stock Split***

On February 13, 2024, the Company effected a 1-for-80 reverse stock split of the Company's common stock. All shares of the Company's common stock, stock-based instruments and per-share data included in these condensed consolidated financial statements have been retroactively adjusted as though the stock split has been effected prior to all periods presented.

***Restructuring Support Agreement and Anticipated Prepackaged Chapter 11 Case***

On November 12, 2024, the Company entered into a Restructuring Support Agreement (together with all exhibits and schedules thereto, the "RSA") with creditors holding, over 80% of the aggregate outstanding principal amount of the Notes (as defined in Note 10, Long Term Debt) and the largest shareholder. The RSA contemplates a comprehensive restructuring of the Company's debt obligations and capital structure to be implemented through a prepackaged plan of reorganization (the "Plan") to be implemented through the anticipated filing of the Prepackaged Chapter 11 Case (as defined below). Capitalized terms used in this section but not defined herein have the meanings ascribed to them in the RSA.

Vroom, Inc. (in the context of the anticipated Prepackaged Chapter 11 Case, the "Debtor") is expected to commence a voluntary proceeding (the "Prepackaged Chapter 11 Case") under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Debtor plans to operate its business as a "debtor-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. The Debtor plans to seek approval of certain "first day" motions containing customary relief intended to assure the Debtor's ability to continue its ordinary course operations. None of Vroom, Inc.'s subsidiaries are expected to commence Chapter 11 proceedings.

**Commitments and Representations.** Each of the Debtor and the Consenting Stakeholders have made certain customary commitments and representations in the RSA. The Debtor has agreed, among other things, to support and take all commercially reasonable actions necessary and appropriate to facilitate the restructuring and meet milestones set forth in the RSA. The Consenting Stakeholders have committed to the Debtor, among other things, to support and vote for the Plan and use their commercially reasonable efforts to consummate and complete the restructuring.

**Milestones.** The RSA contains milestones ("Milestones") relating to the progress of the Prepackaged Chapter 11 Case, which include, among other things, entry of an order by the Bankruptcy Court, confirming the Plan and approving the related disclosure statement no later than 60 days following the Petition Date and the occurrence of the date on which the Plan has become effective in accordance with its terms (the "Plan Effective Date") no later than 75 days following the Petition Date.

**Termination.** Each of the parties to the RSA may terminate the agreement (and thereby their support for the Plan) under certain limited circumstances, including, among other things: (i) in the case of the Company and the Consenting Noteholders, the failure to meet the Milestones; (ii) the occurrence of certain breaches of the RSA; (iii) the mutual agreement of the parties; and (iv) in the case of the Company, if the Board, members, or managers, as applicable, of the Company reasonably determines in good faith and based upon advice of outside legal counsel that performance under the RSA would be inconsistent with its applicable fiduciary duties.

**Consummation.** Consummation of the restructuring contemplated by the RSA is subject to approval of the Plan by the Bankruptcy Court and other conditions. Accordingly, no assurance can be given that the transactions described therein will be consummated.

**Summary of Material Terms.** The following is a summary of the material terms of the restructuring that are set forth in the Plan:

- The capital structure of the reorganized Debtor upon the Plan Effective Date will consist of the new common stock to be issued by the reorganized Debtor on the Plan Effective Date (the "New Common Stock"), distributed to (a) the holders of Unsecured Notes Claims; and (b) the holders of Existing Equity Interests, and resulting in pro forma ownership percentages of (x) 92.94% of the New Common Stock held by the holders of Unsecured Notes Claims; and (y) 7.06% of the New Common Stock held by holders of Existing Equity

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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Interests; in each case, subject to dilution by the (i) New Warrants, (ii) the MIP Awards, and (iii) the Post-Effective Date Equity Awards.

- Promptly following the Plan Effective Date, the New Board will approve and implement the Management Incentive Plan (the “MIP”). The RSU Awards and the ESO Grants will be granted subject to approval by the New Board, with the allocation of such grants to be determined in good faith by the New Board in consultation with the reorganized company’s chief executive officer.
- The reorganized company reserves the right to register the New Warrants with the U.S. Securities and Exchange Commission (“SEC”) by filing a Registration Statement on Form S-1 in its discretion if it determines that doing so would be necessary or desirable in connection with the trading of such securities. As contemplated, the New Warrants will have the following key terms:
  - Number: The New Warrants will be for the purchase of an aggregate of 1,808,243 shares of New Common Stock, equal to the number of presently existing outstanding shares of common stock of the Company;
  - Exercise Price: The New Warrants will have an exercise price of \$12.19 per share;
  - Expiration: The New Warrants will expire on the 5th anniversary of the Plan Effective Date;
  - Anti-Dilution Protections: The New Warrants will contain customary anti-dilution protection for stock splits, stock dividends, and similar events but will not have Black-Scholes protections; and
  - Transferability: The New Warrants will be freely transferable, subject to applicable securities laws.

Under the Plan, certain classes of claims will receive upon consummation the following treatment:

- Holders of Other Priority Claims, Secured Claims, General Unsecured Claims, and 510(b) Claims will be unimpaired.
- Each holder of Claims under the Unsecured Notes Indenture (the “Unsecured Notes Claims”) will receive, except to the extent that such holder agrees in writing to less favorable treatment, on the Effective Date, its pro rata share of 92.94% of the New Common Stock (subject to dilution by (i) the New Warrants, (ii) the MIP Awards, and (iii) the Post-Effective Date Equity Awards).
- Each holder of any Equity Security or other ownership interest in the Debtor as in existence immediately before the Plan Effective Date, but excluding any Existing Equity Awards (the “Existing Equity Interests”), will receive, except to the extent that such holder agrees in writing to less favorable treatment, on the Effective Date, (i) its pro rata share of 7.06% of the New Common Stock (subject to dilution by (a) the New Warrants, (b) the MIP Awards, and (c) the Post-Effective Date Equity Awards) and (ii) the right to receive New Warrants in an amount equal to its pro rata share of Existing Equity Interests.
- Except to the extent the holder of any options or restricted stock units representing rights to purchase or acquire any Equity Securities of the Debtor as in existence immediately before the Plan Effective Date (the “Existing Equity Awards,” and together with the Existing Equity Interests, the “Equity Interests”) agrees in writing to less favorable treatment, on the Effective Date, all Existing Equity Awards will be converted into new awards (the “Post-Effective Date Equity Awards”) exchangeable into New Common Stock on the same terms and conditions, and for the same number of units, applicable to the Existing Equity Awards in respect of the Existing Equity Interests, as of immediately prior to the Plan Effective Date.

In connection with the restructuring, trade creditors and all other general unsecured creditors are expected to be unimpaired.

As described above, the Plan contemplates for the amendment and restatement, subject to approval by the New Board, of the Company’s 2020 Incentive Award Plan in order to implement the MIP, pursuant to which 10% of the New Common Stock (as defined in the Plan) outstanding on a fully diluted basis as of immediately following emergence may be issued in the form of restricted stock unit awards and 5% of the New Common Stock outstanding on a fully diluted basis as of immediately following emergence may be issued in the form of stock options to certain employees of the Debtor, in each case on the terms contemplated by the MIP Term Sheet.

**VROOM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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***Going Concern***

As described above, the Company is contemplating the filing of the Prepackaged Chapter 11 Case to implement the transactions described herein. Management believes the Company will be able to emerge from bankruptcy and continue to operate as a viable going concern. However, there is no assurance that: (a) the Plan will become effective, (b) the Plan will ultimately be approved by the requisite voting creditors and interest holders and confirmed by the Bankruptcy Court, (c) the Bankruptcy Court will grant or deny motions in a manner that is not adverse to the Debtor, and (d) the anticipated Prepackaged Chapter 11 Case will not be converted into cases under chapter 7 of the Bankruptcy Code. The transactions contemplated by the RSA and Plan are subject to approval by the Bankruptcy Court, among other conditions. Accordingly, management can provide no assurance that the transactions described therein will be consummated.

Due to the uncertainties described above, there is substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is contingent upon management's plans, which includes, among other things, its ability to, subject to the approval by the Bankruptcy Court, implement a comprehensive restructuring and successfully emerge from the anticipated Prepackaged Chapter 11 Case. Despite the anticipated Chapter 11 filing, the Company retains sufficient liquidity, with approximately \$51.1 million of unrestricted cash on its Condensed Consolidated Balance Sheet as of September 30, 2024, and it continues to meet its obligations to customers, vendors, counterparties and employees in the ordinary course of business.

The accompanying unaudited condensed consolidated financial statements have been prepared on the basis that the Company will continue to operate as a going concern, which contemplates that the Company will be able to realize assets and settle liabilities and commitments in the normal course of business for twelve months following the issuance date. Accordingly, the accompanying unaudited condensed consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

***Basis of Presentation***

The condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and applicable rules and regulations of the SEC regarding interim financial reporting. The condensed consolidated balance sheet as of December 31, 2023, included herein, was derived from the audited consolidated financial statements as of that date. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Annual Report on Form 10-K for the year ended December 31, 2023.

The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, and in management's opinion, include all adjustments, which consist of only normal recurring adjustments necessary for the fair statement of the Company's condensed consolidated balance sheet as of September 30, 2024 and its results of operations for the three and nine months ended September 30, 2024 and 2023. The results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results expected for the current fiscal year or any other future periods. Certain prior year amounts have been reclassified to conform to the current year presentation related to discontinued operations and new financial statement presentation as a result of the Ecommerce Wind-Down and the reverse stock split.

***Principles of Consolidation***

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.



**VROOM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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## **2. Summary of Significant Accounting Policies**

### ***Use of Estimates***

The preparation of condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. On an ongoing basis, the Company evaluates its estimates, including, among others, those related to finance receivables, income taxes, stock-based compensation, contingencies, warranties and GAP (as defined below) income-related reserves, fair value measurements and useful lives of property and equipment and intangible assets. The Company bases its estimates on historical experience, market conditions, and on various other assumptions that are believed to be reasonable. Actual results may differ from these estimates.

### ***Comprehensive Loss***

The Company did not have any other comprehensive income or loss for the three and nine months ended September 30, 2024 and 2023. Accordingly, net loss and comprehensive loss are the same for the periods presented.

### ***Restricted Cash***

Restricted cash primarily includes UACC restricted cash. UACC collects and services finance receivables under the securitization transactions and warehouse credit facilities. These collections are restricted for use until properly remitted each month under the terms of the servicing agreement. UACC also maintains a reserve account for each securitization and warehouse credit facility to provide additional collateral for the borrowings. Refer to Note 9 — Warehouse Credit Facilities of Consolidated VIEs and Note 10 — Long Term Debt for further detail.

### ***Finance Receivables***

Finance receivables consist of retail installment sale contracts purchased or acquired by UACC from its existing network of third-party dealership customers at a discount as well as retail installment sale contracts UACC offered to Vroom's customers through its ecommerce platform prior to the Ecommerce Wind-Down.

The Company's finance receivables are generally secured by the vehicles being financed.

Finance receivables over 90 days delinquent are considered nonaccrual finance receivables. Interest income is subsequently recognized only to the extent cash payments are received until the consumer is able to make periodic interest and principal payments in accordance with the finance receivable terms.

### ***Finance Receivables Held for Sale, Net***

Finance receivables that the Company intends to sell and not hold to maturity are classified as held for sale. The Company intends to sell finance receivables through securitization transactions. Finance receivables classified as held for sale are recorded at the lower of cost or fair value. Deferred acquisition costs and any discounts are deferred until the finance receivables are sold and are then recognized as part of the total gain or loss on sale. Refer to Note 3 – Revenue Recognition.

The Company records a valuation allowance to report finance receivables at the lower of cost or fair value. To determine the valuation allowance, finance receivables are evaluated collectively as they represent a large group of smaller-balance homogeneous loans. To the extent that actual experience differs from estimates, significant adjustments to the Company's valuation allowance may be needed. Fair value adjustments are recorded in "Realized and unrealized losses, net of recoveries" in the consolidated statements of operations. Principal balances and corresponding deferred acquisition costs and discounts of finance receivables are charged-off when the Company is unable to sell the finance receivable and the related vehicle has been repossessed and liquidated or the receivable has otherwise been deemed uncollectible. As of September 30, 2024 and December 31, 2023, the valuation allowance for finance receivables classified as held for sale was \$32.6 million and \$33.8 million, respectively. Refer to Note 14 – Financial Instruments and Fair Value Measurements.

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**Finance Receivables at Fair Value**

Finance receivables for which the fair value option was elected under ASC 825 are classified as finance receivables at fair value. Finance receivables at fair value include both finance receivables held for sale at fair value as well as finance receivables held for investment at fair value. Finance receivables held for sale at fair value represent finance receivables that the Company intends to sell but elected the fair value option. The aggregate principal balance and the fair value of the finance receivables held for sale at fair value was \$310.8 million and \$277.6 million, respectively and the aggregate principal balance and the fair value of the finance receivables held for investment at fair value was \$250.7 million and \$210.0 million, respectively as of September 30, 2024. The Company did not have any finance receivables held for sale at fair value as of December 31, 2023.

The Company reassesses the estimate for fair value at each reporting period with any changes reflected as a fair value adjustment and recorded in "Realized and unrealized losses, net of recoveries" in the consolidated statements of operations. For all finance receivables at fair value, the Company recognizes the fees it charges to dealers upon acquisition as other income at the time of issuance of the finance receivable and recognizes the acquisition costs to underwrite the finance receivables as an expense in the period incurred. For finance receivables held for sale at fair value, any discounts are deferred until the finance receivables are sold. For finance receivables held for investment at fair value, any discounts are amortized over the contractual life of the underlying finance receivables.

Refer to Note 14 – Financial Instruments and Fair Value Measurements.

**Consolidated CFEs**

The 2022-2, 2023-1, and 2024-1 securitization transaction VIEs are consolidated collateralized financing entities (CFEs). Refer to Note 4 – Variable Interest Entities and Securitizations. During the three and nine months ended September 30, 2024 and 2023, the Company recognized the following revenue and expenses associated with these CFEs in the condensed consolidated statements of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest income	\$ 29,018	\$ 27,303	\$ 81,100	\$ 77,801
Interest expense	(9,143)	(6,163)	(22,091)	(16,593)
Realized and unrealized losses, net of recoveries	(24,928)	(24,983)	(53,544)	(50,165)
Noninterest income (loss), net	767	104	(1,797)	(3,678)

The assets and liabilities of the CFEs are presented as part of "Restricted cash", "Finance receivables at fair value", "Interest receivable", "Other Assets", "Long term debt", and "Other liabilities", respectively, on the consolidated balance sheets. Refer to Note 4 – Variable Interest Entities and Securitizations and Note 14 – Financial Instruments and Fair Value Measurements for further details.

**Concentration of Credit Risk and Significant Customers**

The Company's principal financial instruments subject to potential concentration of credit risk are cash and cash equivalents and finance receivables. The Company's cash balances are maintained at various large, reputable financial institutions. Deposits held with financial institutions may at times exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, management believes they bear minimal risk. The Company's cash equivalents primarily consist of money market funds that hold investments in highly liquid U.S. government securities. Concentration of credit risk with respect to finance receivables is generally mitigated by a large consumer base.

UACC's customers, in this instance, are the third-party automotive dealers through which it purchases or acquires retail installment sale contracts for consumers. CarStory's customers are dealers, automotive financial services companies and others in the automotive industry who purchase CarStory's digital retailing services. For the three and nine months ended September 30, 2024 and 2023, no customer represented 10% or more of the Company's income and

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no customer represented more than 10% of the Company's finance receivables as of September 30, 2024 and December 31, 2023.

**Liquidity**

As of September 30, 2024, the Company had cash and cash equivalents of \$51.1 million and restricted cash of \$47.1 million. Restricted cash primarily includes restricted cash required under UACC's securitization transactions and Warehouse Credit Facilities of \$46.2 million. The Company has historically had negative cash flows and generated losses from operations and the Company's primary source of liquidity has been cash generated through financing activities.

In January 2024, the Company announced its Value Maximization Plan pursuant to which it discontinued its ecommerce operations and wound-down its used vehicle dealership business. Refer to Note 1 — Description of Business and Basis of Presentation — Value Maximization Plan. As a result of the liquidation of the Company's vehicle inventory as part of the Ecommerce Wind-Down, the Company repaid all amounts outstanding under the 2022 Vehicle Floorplan Facility in the first quarter of 2024 and the agreement was terminated.

As of September 30, 2024, UACC has four warehouse credit facilities with an aggregate borrowing limit of \$825.0 million and outstanding borrowings of \$321.8 million with excess borrowing capacity of \$32.9 million. The terms of the facilities generally mature within two years and the Company typically renews the facilities in the ordinary course. Currently, all four Warehouse Credit Facilities expire between June and September 2025. Refer to Note 9 — Warehouse Credit Facilities and Consolidated VIEs. The Company has commenced discussions with its lenders to extend the terms beyond the current expiration dates and, consistent with prior periods, expects those facilities to be amended and renewed. As of September 30, 2024, the Company was in compliance with all covenants related to the Warehouse Credit Facilities.

Failure to secure warehouse borrowing capacity beyond the expiration of the current facilities in 2025 or failure to satisfy the covenants therein and or any other requirements contained within the agreements would restrict access to the Warehouse Credit Facilities and would have a material adverse effect on the financial condition, results of operations and liquidity of the Company. Certain breaches of covenants may also result in acceleration of the repayment of borrowings prior to the scheduled maturity. Refer to Note 9 – Warehouse Credit Facilities of Consolidated VIEs for further discussion.

The Company expects to use cash and cash equivalents to finance future capital requirements and UACC's Warehouse Credit Facilities to fund finance receivables. Certain advance rates available to UACC on borrowings from the Warehouse Credit Facilities have decreased as a result of the increasing credit losses in UACC's portfolio and overall rising interest rates. Any future decreases on available advance rates may have an adverse impact on the Company's liquidity.

If the Company undergoes a fundamental change (as defined in the Indenture between the Company and U.S. Bank National Association, as trustee, with respect to the Notes), subject to certain conditions, holders of the Notes may require the Company to immediately repurchase for cash all or any portion of their Notes at a repurchase price equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest. The delisting of the Company's common stock from the Nasdaq Global Select Market would constitute a fundamental change under the terms of the Indenture.

Nasdaq maintains several standards for continued listing of the Company's common stock on the Nasdaq Global Select Market. For example, under the "equity standard", the Company is required to have stockholders' equity of at least \$10 million, among other requirements. Under the "total asset standard", the market value of the Company's publicly held shares must be at least \$15 million, among other requirements. Only one standard has to be met to comply with Nasdaq requirements. The Company currently meets the "total asset standard". If the Company is not able to satisfy a continued listing requirement from Nasdaq and its common stock is delisted, it will be required to repurchase the Notes prior to their maturity, as discussed above.

As of September 30, 2024, and as of the date of issuance of the condensed consolidated financial statements, the Company does not have sufficient liquidity to repurchase the Notes in the event of a fundamental change and would be required to seek financing or otherwise restructure its existing capital structure. Such financing may not be available to the Company on favorable terms, or at all. On November 12, 2024, the Company announced its entry into the RSA and its intention to commence the Prepackaged Chapter 11 Case. The RSA contemplates and the Plan proposes that, upon

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effectiveness, each holder of an Allowed Unsecured Notes Claim (as defined therein) will receive, in full and final satisfaction, settlement, discharge and release of, and in exchange for, its Allowed Unsecured Notes Claim, its pro rata share of 92.94% of the New Common Stock (subject to dilution by the New Warrants, the MIP, and the Post-Effective Date Equity Awards, all terms as defined therein). On the Plan Effective Date, all notes, instruments, certificates, and other documents evidencing Unsecured Notes Claims will be canceled and/or updated to record such cancellation and the obligations of the Debtor thereunder or in any way related thereto will be deemed satisfied in full and discharged. As discussed herein, the consummation of the Plan is subject to numerous conditions and the Plan may not be consummated, including if the Prepackaged Chapter 11 Case is not commenced for any reason. The Company may be delisted by Nasdaq due the anticipated Prepackaged Chapter 11 Case, and the Company may be unable to relist on Nasdaq or another national securities exchange.

The Company's future capital requirements will depend on many factors, including the outcome of the anticipated Prepackaged Chapter 11 Case, the ability to realize the benefits of the Value Maximization Plan, available advance rates on and the amendment and renewal of the Warehouse Credit Facilities, the ability to continue to meet the requirements of Nasdaq for continued listing on the Nasdaq Global Select Market, the ability to complete additional securitization transactions on terms favorable to the Company, and future credit losses. While the financial statements have been prepared on a going concern basis, there is substantial doubt about the Company's ability to continue as a going concern due to the anticipated Prepackaged Chapter 11 Case, as discussed in Note 1, above.

**Accounting Standards Adopted**

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires contract assets and contract liabilities acquired in a business combination to be recognized in accordance with Topic 606 as if the acquirer had originated the contracts. The Company adopted the guidance on January 1, 2023, which did not have a material impact on the Company's condensed consolidated financial statements and related disclosures.

**Accounting Standards Issued But Not Yet Adopted**

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires disclosure of incremental segment information on an annual and interim basis, primarily through enhanced disclosures of significant segment expenses. The guidance will be effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 and requires retrospective application to all periods presented upon adoption, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its condensed consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires disclosure of incremental income tax information within the rate reconciliation and expanded disclosures of income taxes paid, among other disclosure requirements. The guidance will be effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its condensed consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses (DISE)*, which requires additional disclosure of the nature of expenses included in the income statement in response to longstanding requests from investors for more information about an entity's expenses. The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The guidance will be effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its condensed consolidated financial statements and related disclosures.

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### **3. Revenue Recognition**

The Company's revenue is disaggregated within the condensed consolidated statements of operations and is generated from consumers throughout the United States.

#### ***Interest Income***

The Company's interest income is related to finance receivables originated by UACC for its network of third-party dealership customers and vehicle financing UACC offered to Vroom's customers through its ecommerce platform prior to the Ecommerce Wind-down. Interest income also includes discount income on finance receivables held for investment at fair value, which represents the amortization of unearned acquisition discounts over the contractual life of the underlying finance receivables using the interest method. Interest income on each automotive finance receivable is calculated based on the finance receivable's outstanding principal balance multiplied by the contractual interest rate.

An account is considered delinquent if a scheduled payment has not been received by the date such payment was contractually due. Interest income deemed uncollectible is reversed at the time the finance receivable is charged off. Finance receivables over 90 days delinquent are considered nonaccrual finance receivables. Income is subsequently recognized only to the extent cash payments are received until the borrower is able to make periodic interest and principal payments in accordance with the finance receivable terms.

#### ***Servicing Income***

Servicing income represents the annual fees earned on the outstanding principal balance of the finance receivables serviced as well as late charges, collection payments, and other fees. Fees are earned monthly at an annual rate of approximately 4% for the 2022-1 securitization transaction and 3.25% for the 2022-2, 2023-1, and 2024-1 securitization transactions of the outstanding principal balance of the finance receivables serviced. Late charges and other fees are calculated at predetermined amounts or percentages of overdue finance receivable balances and are recorded on a cash basis. From January to March 2023, UACC waived the monthly servicing fees related to the 2022-2 securitization transaction, which resulted in consolidation of the 2022-2 VIE. Servicing fees related to the 2022-2, 2023-1, and 2024-1 securitization transactions are eliminated in consolidation. Refer to Note 4 – Variable Interest Entities and Securitizations.

#### ***Warranties and GAP income***

Prior to the Ecommerce Wind-Down, the Company offered third-party financing and third-party value-added products such as vehicle service contracts, guaranteed asset protection ("GAP") and tire and wheel coverage, to its used vehicle customers pursuant to arrangements with the third parties that sell and administered these products and are responsible for their fulfillment.

UACC also offers third-party vehicle service contracts and United Auto Credit GAP to consumers who obtain financing through UACC. United Auto Credit GAP is a debt waiver product that is underwritten directly by UACC. It provides protection for consumers who purchase the product by waiving the difference between the actual cash value of the consumer's vehicle and the balance of the consumer's contract, subject to the terms and conditions of the United Auto Credit GAP, in the event of a total loss resulting from collision or theft. The total fees are earned over the contractual life of the related finance receivables on straight-line basis.

The Company concluded that it is an agent for any transactions with third-parties because it does not control the products before they are transferred to the consumer. The Company recognizes revenue on a net basis when the consumer enters into an arrangement for the products.

A portion of the fees earned on third-party financing and value-added products is subject to chargebacks in the event of early termination, default, or prepayment of the contracts by end-customers. The Company's exposure for these events is limited to the fees that it receives. An estimated refund liability for chargebacks against the revenue recognized from sales of these products is recorded in the period in which the related revenue is recognized and is based primarily on the Company's historical chargeback experience. The Company updates its estimates at each reporting date. As of

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September 30, 2024 and December 31, 2023, the Company's reserve for chargebacks was \$10.9 million and \$11.8 million, respectively, which are included within "Other liabilities."

The Company also is contractually entitled to receive profit-sharing revenues based on the performance of the vehicle service policies once a required claims period has passed. The Company recognizes profit-sharing revenues to the extent it is probable that it will not result in a significant revenue reversal. The Company estimates the revenue based on historical claims and cancellation data from its customers, as well as other qualitative assumptions. The Company reassesses the estimate at each reporting period with any changes reflected as an adjustment to warranties and GAP income in the period identified. As of September 30, 2024 and December 31, 2023, the Company recognized \$11.2 million and \$22.3 million, respectively, related to cumulative profit-sharing payments to which it expects to be entitled, which are included within "Other assets."

#### ***CarStory Revenue***

CarStory generates advertiser, publisher and other user service revenue. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been performed, collection of the fees is reasonably assured, the fees are fixed or determinable, and no significant obligations by the Company remain. Generally, this results in revenues billed and recorded monthly in the month that services were performed and earned.

Deferred revenue includes advances received from customers in excess of revenue recognized.

The Company may collect sales taxes and other taxes and government fees from customers on behalf of governmental authorities at the time of sale as required. These taxes are accounted for on a net basis and are not included in revenues or cost of sales.

#### **4. Variable Interest Entities and Securitizations**

A VIE is an entity that either (i) has insufficient equity to finance its activities without additional subordinated financial support, or (ii) has equity investors who lack the characteristics of a controlling financial interest. The Company consolidates VIEs for which it is the primary beneficiary. The Company is the primary beneficiary of a VIE when it has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE. Assets recognized as a result of consolidating VIEs do not represent additional assets that could be used to satisfy claims against the Company's general assets. Liabilities recognized as a result of consolidating VIEs do not represent additional claims on the Company's general assets, rather they represent claims against the specific assets of the consolidated VIEs.

UACC has the power to direct significant activities of its VIEs when it has the ability to exercise discretion in the servicing of financial assets or control investment decisions. UACC generally retains a portion of the economic interests in UACC-sponsored asset-backed securitization transactions, which could be retained in the form of a portion of the senior interests, the subordinated interests, residual interests, or servicing rights.

UACC has developed a securitization program that involves selling finance receivables to securitization trusts through the private issuance of asset-backed securities which are collateralized by the finance receivables. UACC establishes and sponsors these transactions which create and pass along risks to the variable interest holders, specifically, consumer credit risk and pre-payment risk.

The securitization trusts established in connection with asset-backed securitization transactions are VIEs. For each VIE that UACC establishes in its role as sponsor of securitization transactions, the Company performs an analysis to determine if it is the primary beneficiary of the VIE.

UACC has no obligation to repurchase or replace any securitized asset that subsequently becomes delinquent in payment or otherwise is in default, except when representations and warranties about the eligibility of the securitized assets are breached, or when certain changes are made to the underlying asset contracts. Securitization investors have no recourse to UACC or its other assets and have no right to require UACC to repurchase the investments. UACC has no obligation to provide liquidity or contribute cash or additional assets to the VIEs and does not guarantee any asset-backed securities.



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During the nine months ended September 30, 2024, UACC completed the 2024-1 securitization transaction, in which it sold approximately \$300.0 million of rated asset-backed securities in an auto finance receivable securitization transaction from a securitization trust, established and sponsored by UACC for proceeds of \$297.2 million. The trust is collateralized by finance receivables with an aggregate principal balance of \$380.1 million as of April 30, 2024. These finance receivables are serviced by UACC and UACC receives an "at market" servicing fee. As a result of market conditions, the Company retained the residual interests, therefore the 2024-1 securitization was accounted for as secured borrowings and remains on balance sheet pending the sale of such retained interests. The Company also repurchased \$4.2 million of the non-investment grade securities related to the 2022-2 securitization transaction for \$4.8 million.

In 2023, UACC completed the 2023-1 securitization transaction, in which it sold rated asset-backed non-investment grade securities, for proceeds of \$260.9 million. UACC still retains the residual interests related to the 2023-1 securitization transaction and therefore consolidated the 2023-1 VIE and accounted for this transaction as a secured borrowing. The trust is collateralized by finance receivables with an aggregate principal balance of \$326.4 million as of January 31, 2023. These finance receivables are serviced by UACC. UACC retained the servicing rights to these finance receivables and receives an "at market" servicing fee.

UACC is the primary beneficiary of the 2024-1 and 2023-1 securitization trusts, as it has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE. UACC also retained a portion of the economic interests in the 2024-1 and 2023-1 asset-backed securitization transactions, in the form of residual interests in accordance with Regulation RR of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Risk Retention Rules"). The Risk Retention Rules require the Company to retain at least 5% of the beneficial interests issued by the securitization trusts. Refer to Note 10 – Long Term Debt for further details.

In July 2022, UACC sold a pool of finance receivables in the 2022-2 securitization transaction. UACC retained the servicing rights to these finance receivables and receives an "at market" servicing fee. UACC retained an insignificant amount of the asset-backed securities issued in the securitization in order to comply with Risk Retention Rules. Originally, the Company concluded that it was not the primary beneficiary of the 2022-2 securitization trust because UACC retained interests in the VIE are insignificant. Therefore, the Company did not originally consolidate the 2022-2 trust. From January to March 2023, although not contractually required, UACC elected to waive its servicing fee on the 2022-2 securitization, due to higher-than-expected losses, which transferred more than an insignificant portion of the corresponding risk of loss from the VIE to the Company. Since UACC has the power to direct the significant activities of the VIE, as it is the servicer, and additionally it absorbs the risk of loss, the Company concluded that it is the primary beneficiary of the VIE. In March 2023, the Company accounted for the transaction as secured borrowings and consolidated the 2022-2 securitization trust. The beneficial interest was then eliminated.

The VIE model allows for a measurement alternative when a reporting entity elects the fair value option and consolidates a collateralized financing entity ("CFE"). This measurement alternative eliminates the accounting mismatch that may arise from measurement differences between the CFE's financial assets and third-party financial liabilities in earnings and attributes those earnings to the controlling equity interest in the consolidated income statement. The 2022-2 and 2023-1 securitization trusts consolidated by UACC meet the definition of a CFE and the Company has elected to apply the measurement alternative when consolidating these VIEs. Refer to Note 14 – Financial Instruments and Fair Value Measurements for further detail.

UACC has four senior secured warehouse credit facilities. Through trusts, UACC entered into warehouse facility agreements with certain banking institutions, primarily to finance the purchase and origination of finance receivables as well as to provide funding for general operating activities. These trusts are secured by eligible finance receivables which are pledged as collateral for the warehouse facilities. These trusts are consolidated VIEs. Refer to Note 9 – Warehouse Credit Facilities of Consolidated VIEs for further details on the warehouse facilities.

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Creditors or beneficial interest holders of VIEs for which the Company is the primary beneficiary generally have recourse only to the assets and cash flows of the VIEs and do not have recourse to the Company. The following table presents the total assets and total liabilities associated with the Company's variable interests in consolidated VIEs, as classified in the condensed consolidated balance sheets (in thousands):

	As of September 30, 2024		
	Securitization Vehicles	Warehouse Facilities <sup>1</sup>	Total
<b>Assets:</b>			
Restricted cash	\$ 30,390	\$ 15,760	\$ 46,150
Finance receivables at fair value	244,981	201,672	446,653
Finance receivables held for sale	201,271	152,547	353,818
Interest receivable	7,617	5,520	13,137
Other assets	7,462	4,761	12,223
<b>Total Assets</b>	<b>\$ 491,721</b>	<b>\$ 380,260</b>	<b>\$ 871,981</b>
<b>Liabilities:</b>			
Securitization debt	\$ 410,011	\$ —	\$ 410,011
Warehouse credit facilities	—	321,812	321,812
Other liabilities	7,136	9,227	16,363
<b>Total Liabilities</b>	<b>\$ 417,147</b>	<b>\$ 331,039</b>	<b>\$ 748,186</b>

	As of December 31, 2023		
	Securitization Vehicles	Warehouse Facilities <sup>1</sup>	Total
<b>Assets:</b>			
Restricted cash	\$ 28,458	\$ 20,688	\$ 49,146
Finance receivables at fair value	316,998	24,446	341,444
Finance receivables held for sale	—	457,185	457,185
Interest receivable	6,107	7,586	13,693
Other assets	6,283	6,987	13,270
<b>Total Assets</b>	<b>\$ 357,846</b>	<b>\$ 516,892</b>	<b>\$ 874,738</b>
<b>Liabilities:</b>			
Securitization debt	\$ 314,095	\$ —	\$ 314,095
Warehouse credit facilities	—	421,268	421,268
Other liabilities	4,534	9,801	14,335
<b>Total Liabilities</b>	<b>\$ 318,629</b>	<b>\$ 431,069</b>	<b>\$ 749,698</b>

<sup>1</sup> Refer to Note 9 – Warehouse Credit Facilities of Consolidated VIEs for further details of the warehouse facilities.

UACC establishes securitization trusts to purchase finance receivables. The securitization trusts issue asset-backed securities, which are collateralized by the finance receivables that UACC sells to the securitization trusts. Upon sale of the finance receivables to the securitization trusts, the Company recognizes a gain or loss on sales of finance receivables if it determines it qualifies for sale accounting treatment and it is not the primary beneficiary of the VIE or accounts for these securitization transactions as secured borrowings when it is the primary beneficiary.

In February 2022, UACC sold a pool of finance receivables in the 2022-1 securitization transaction. UACC retained the servicing rights to these finance receivables and receives an "at market" servicing fee. UACC retained an insignificant amount of the asset-backed securities issued in the securitization in order to comply with Risk Retention Rules. The 2022-1 securitization trust is a VIE that the Company does not consolidate. As the servicer, UACC retained the power to direct the activities that are most significant to the VIE, however, the Company concluded that it is not the primary beneficiary of the 2022-1 securitization trust because UACC's retained interests in the VIE are insignificant. The beneficial interest retained by UACC included rated notes and unrated residual certificates issued by the 2022-1 securitization trust.



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As of September 30, 2024 and December 31, 2023, the assets UACC retains in the unconsolidated VIEs were approximately \$2.6 million and \$4.5 million, respectively, and are included in "Other assets" in the Company's consolidated balance sheet. The beneficial interests in securitizations are subject to restrictions on transfer pursuant to UACC's obligations as a sponsor under Risk Retention Rules. These securities are interests in securitization trusts, thus there are no contractual maturities. During the three months ended March 31, 2023, the Company entered into a Risk Retention Financing Facility to finance the majority of its retained beneficial interests in securitizations. Refer to Note 10 – Long Term Debt for further detail.

The following table summarizes the amortized cost, the carrying amount, which is the fair value, and the maximum exposure to losses of UACC's assets related to the unconsolidated VIE (in thousands):

	As of September 30, 2024			As of December 31, 2023		
	Aggregate Principal Balance	Carrying Value	Total Exposure	Aggregate Principal Balance	Carrying Value	Total Exposure
Rated notes	\$ 2,585	\$ 2,440	\$ 2,440	\$ 4,538	\$ 4,345	\$ 4,345
Certificates	—	172	172	—	140	140
Other assets	310	310	310	310	310	310
Total unconsolidated VIEs	\$ 2,895	\$ 2,922	\$ 2,922	\$ 4,848	\$ 4,795	\$ 4,795

Total exposure represents the estimated loss UACC would incur under severe, hypothetical circumstances, such as if the value of the interests in the securitization trusts and any associated collateral declined to zero. The Company believes the possibility of this is remote. As such, the total exposure presented above is not an indication of the Company's expected losses.

## 5. Discontinued Operations

As discussed in Note 1 – Description of Business and Basis of Presentation, the Ecommerce Wind-Down was substantially completed as of March 29, 2024. The Company's ecommerce operations were previously a reportable segment and the exit represents a strategic shift that had a major effect on the Company's operations and financial results. Therefore, in accordance with ASC 205, as of and for the three and nine months ended September 30, 2024, the Company reported the ecommerce operations and used vehicle dealership business as discontinued operations and recast prior periods to reflect this presentation.

During the three and nine months ended September 30, 2024, the Company incurred charges of approximately \$0.2 million and \$15.8 million, respectively for severance and other personnel-related costs and approximately \$0.4 million and \$13.9 million, respectively for contract and lease termination costs as a result of the Ecommerce Wind-Down recorded in "Net loss from discontinued operations" in the condensed consolidated statements of operations.

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The following table summarizes the major income and expense line items from discontinued operations as reported in the condensed consolidated statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Revenue:</b>				
Retail vehicle, net	\$ —	147,840	\$ 47,320	\$ 419,920
Wholesale vehicle	—	30,898	140,714	75,593
Product, net	—	4,225	1,635	12,199
Total revenue	—	182,963	189,669	507,712
<b>Cost of sales:</b>				
Retail vehicle	—	144,655	43,673	414,917
Wholesale vehicle	—	32,393	142,343	81,019
Total cost of sales	—	177,048	186,016	495,936
Total gross profit	—	5,915	3,653	11,776
Selling, general and administrative expenses	1,000	48,609	39,602	160,924
Loss (gain) on disposal of long lived assets	924	—	(10,355)	(81)
Depreciation and amortization	—	3,712	383	10,125
Impairment charges	—	—	—	1,353
Loss from operations	(1,924)	(46,406)	(25,977)	(160,545)
Interest expense	—	4,944	1,607	14,178
Interest income	—	(3,505)	(856)	(9,350)
Loss before provision for income taxes	(1,924)	(47,845)	(26,728)	(165,373)
Provision for income taxes	75	143	296	465
Net loss from discontinued operations	\$ (1,999)	\$ (47,988)	\$ (27,024)	\$ (165,838)

The following table summarizes the major classes of assets and liabilities from discontinued operations as reported in the condensed consolidated balance sheets:

	As of September 30,		As of December 31,	
	2024		2023	
<b>ASSETS</b>				
Inventory	\$	—	\$	163,250
Property and equipment, net		2,864		19,150
Other assets		152		14,137
Assets from discontinued operations	\$	3,016	\$	196,537
<b>LIABILITIES</b>				
Accounts payable	\$	19	\$	6,440
Accrued expenses		4,817		27,133
Vehicle floorplan		—		151,178
Deferred revenue		—		14,025
Operating lease liabilities		161		23,461
Other liabilities		—		5,883
Liabilities from discontinued operations	\$	4,997	\$	228,120

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### 6. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Equipment	\$ 2,843	\$ 2,653
Furniture and fixtures	333	503
Leasehold improvements	625	434
Internal-use software	4,049	4,807
Other	829	1,370
	8,679	9,767
Accumulated depreciation and amortization	(5,624)	(4,785)
Property and equipment, net	\$ 3,055	\$ 4,982

Depreciation and amortization expense was \$0.3 million and \$0.5 million for the three months ended September 30, 2024 and 2023, respectively, and \$1.7 million and \$1.4 million for the nine months ended September 30, 2024 and 2023, respectively.

The Company recorded impairment charges for "Property and equipment, net" of nil and \$2.7 million for the three and nine months ended September 30, 2024, respectively, related to the Company's internal-use software that no longer have a planned future use.

### 7. Intangible Assets

Intangible assets, net consisted of the following (in thousands):

	September 30, 2024			December 31, 2023		
	Gross Carrying Value	Accumulate d Amortizatio n	Carrying Value	Gross Carrying Value	Accumulate d Amortizatio n	Carrying Value
Developed and purchased technology	\$ 108,700	\$ (50,798)	\$ 57,902	\$ 108,700	\$ (38,050)	\$ 70,650
Customer relationships	69,400	(23,842)	45,558	69,400	(17,336)	52,064
Trademarks and trade names	12,200	(4,035)	8,165	12,200	(3,022)	9,178
Total intangible assets	\$ 190,300	\$ (78,675)	\$ 111,625	\$ 190,300	\$ (58,408)	\$ 131,892

Amortization expense for intangible assets was \$6.8 million and \$6.8 million for the three months ended September 30, 2024 and 2023, respectively, and \$20.3 million and \$20.3 million for the nine months ended September 30, 2024 and 2023, respectively.

The estimated amortization expense for intangible assets subsequent to September 30, 2024, consists of the following (in thousands):

Year Ending December 31:	
For remainder of 2024	\$ 6,756
2025	27,022
2026	21,979
2027	21,882
2028	21,882
Thereafter	12,104
	\$ 111,625

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**8. Other Liabilities**

The Company's other liabilities consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Warranty and GAP liabilities	\$ 17,792	\$ 21,279
Dealer related liabilities	4,506	6,934
Accrued compensation and benefits	11,155	8,923
Accrued professional services	798	2,542
Accrued software and IT costs	571	1,011
Interest payable	4,781	4,183
Insurance payable	365	2,142
Other	11,506	14,307
<b>Total other liabilities</b>	<b>\$ 51,474</b>	<b>\$ 61,321</b>

**9. Warehouse Credit Facilities of Consolidated VIEs**

UACC has four senior secured warehouse facility agreements, through consolidated VIEs, (the "Warehouse Credit Facilities") with banking institutions as of September 30, 2024. The Warehouse Credit Facilities are collateralized by eligible finance receivables and available borrowings are computed based on a percentage of eligible finance receivables. As of September 30, 2024 and December 31, 2023, the Company had excess borrowing capacity of \$32.9 million and \$56.9 million on UACC's Warehouse Credit Facilities, respectively.

The terms of the Warehouse Credit Facilities include the following (in thousands):

	Facility One	Facility Two	Facility Three	Facility Four
Execution date	May 30, 2012	November 19, 2013	July 11, 2019	November 18, 2022
Commitment termination date	July 21, 2025	June 2, 2025	August 29, 2025	September 12, 2025
Aggregate borrowings limit	\$ 200,000	\$ 200,000	\$ 200,000	\$ 225,000
<b>As of September 30, 2024</b>				
Aggregate principal balance of finance receivables pledged as collateral	\$ —	\$ 87,508	\$ 152,172	\$ 162,435
Outstanding balance	\$ —	\$ 68,689	\$ 123,331	\$ 129,792
Restricted cash	\$ —	\$ 3,196	\$ 6,422	\$ 6,143
<b>As of December 31, 2023</b>				
Aggregate principal balance of finance receivables pledged as collateral	\$ 223,207	\$ 64,970	\$ 165,927	\$ 92,978
Outstanding balance	\$ 177,375	\$ 51,012	\$ 117,264	\$ 75,617
Restricted cash	\$ 8,961	\$ 2,550	\$ 6,485	\$ 2,692

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As of September 30, 2024 and December 31, 2023, the Company's weighted average interest rate on the Warehouse Credit Facilities borrowings was approximately 6.97% and 6.98%, respectively.

The Company's ability to utilize its Warehouse Credit Facilities is primarily conditioned on the satisfaction of certain legal, operating, administrative and financial covenants contained within the agreements. These include covenants that require UACC to maintain a minimum tangible net worth, minimum liquidity levels, specified leverage ratios and certain indebtedness levels. Failure to satisfy these and or any other requirements contained within the agreements would restrict access to the Warehouse Credit Facilities. Certain breaches of covenants may also result in acceleration of the repayment of borrowings prior to the scheduled maturity. As of September 30, 2024 and December 31, 2023, the Company was in compliance with all covenants related to the Warehouse Credit Facilities.

## 10. Long Term Debt

Debt instruments, excluding warehouse credit facilities of consolidated VIEs, which are discussed in Note 9 — Warehouse Credit Facilities of Consolidated VIEs, consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Convertible senior notes	\$ 287,926	\$ 286,800
Securitization debt of consolidated VIEs at fair value	167,716	314,095
Securitization debt of consolidated VIEs at amortized cost	242,295	—
Financing of beneficial interest in securitizations	21,125	15,378
Junior subordinated debentures	10,310	10,310
Total debt	\$ 729,372	\$ 626,583

### **Convertible Senior Notes**

On June 18, 2021, the Company issued \$625.0 million aggregate principal amount of 0.75% unsecured Convertible Senior Notes due 2026 (the "Notes"), including \$75.0 million aggregate principal amount of such notes pursuant to the exercise in full of the overallocation option granted to the initial purchasers. The Notes were issued pursuant to an indenture (the "Indenture"), between the Company and U.S. Bank National Association, as trustee.

On November 12, 2024, the Company announced its entry into the RSA and its intention to commence the Prepackaged Chapter 11 Case. The RSA contemplates and the Plan proposes that, upon effectiveness, each holder of an Allowed Unsecured Notes Claim (as defined therein) will receive, in full and final satisfaction, settlement, discharge and release of, and in exchange for, its Allowed Unsecured Notes Claim, its pro rata share of 92.94% of the New Common Stock (subject to dilution by the New Warrants, the MIP, and the Post-Effective Date Equity Awards, all terms as defined therein). On the effective date, all notes, instruments, certificates, and other documents evidencing Unsecured Notes Claims will be canceled and/or updated to record such cancellation and the obligations of the Debtor thereunder or in any way related thereto will be deemed satisfied in full and discharged. As discussed herein, the consummation of the Plan is subject to numerous conditions and the Plan may not be consummated, including if the Prepackaged Chapter 11 Case is not commenced for any reason.

The Notes bear interest at a rate of 0.75% per annum, payable semiannually in arrears on January 1 and July 1 of each year, beginning on January 1, 2022. The Notes will mature on July 1, 2026, subject to earlier repurchase, redemption or conversion. The total net proceeds from the offering, after deducting commissions paid to the initial purchasers and debt issuance costs paid to third-parties, were approximately \$608.9 million.

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Each \$1,000 principal amount of the Notes will initially be convertible into 0.2232 shares of the Company's common stock, which is equivalent to an initial conversion price of approximately \$4,480.29 per share, subject to adjustment upon the occurrence of specified events. The Notes are convertible, at the option of the noteholders, on or after April 1, 2026. Prior to April 1, 2026, the Notes are convertible only under the following circumstances:

- During any fiscal quarter commencing after the fiscal quarter ending on September 30, 2021 (and only during such fiscal quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price of the Notes on each applicable trading day;
- During the five consecutive business day period after any ten consecutive trading day period in which the trading price per \$1,000 principal amount of the Notes for each day of that ten consecutive trading day period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate of the Notes on such trading day;
- If the Company calls any or all of the Notes for redemption; or
- Upon the occurrence of specific corporate events such as a change in control or certain beneficial distributions to common stockholders (as set forth in the Indenture).

The Company may settle conversions by paying or delivering, as applicable, cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company's election.

The Company may not redeem the Notes prior to July 6, 2024. On or after July 6, 2024, the Company may redeem all or any portion of the Notes for cash equal to 100% of the principal amount of the Notes being redeemed plus any accrued and unpaid interest if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period.

If the Company undergoes a fundamental change (as defined in the Indenture), subject to certain conditions, holders of the Notes may require the Company to repurchase for cash all or any portion of their Notes at a repurchase price equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest. In addition, if specific corporate events occur prior to the maturity date or if the Company issues a notice of redemption, the Company will increase the conversion rate by pre-defined amounts for a holder who elects to convert their Notes in connection with such a corporate event. During the three and nine months ended September 30, 2024, the conditions allowing holders of the Notes to convert were not met.

During the nine months ended September 30, 2023, the Company repurchased \$32.8 million in aggregate principal amount of the Notes, net of deferred issuance costs, for \$13.2 million in open-market transactions. The Company recognized a gain on extinguishment of debt of \$19.6 million for the nine months ended September 30, 2023.

The Company accounts for the Notes as a single liability-classified instrument measured at amortized cost. As of September 30, 2024, the unamortized debt discount and debt issuance costs was \$2.6 million and the net carrying value was \$287.9 million. As of December 31, 2023, the unamortized debt discount and debt issuance costs was \$3.7 million and the net carrying value was \$286.8 million.

The Notes were issued at par value and fees associated with the issuance of these Notes are amortized to interest expense using the effective interest method over the contractual term of the Notes. The interest expense was \$0.9 million and \$1.1 million for the three months ended September 30, 2024 and 2023, respectively, and \$2.8 million and \$3.3 million for the nine months ended September 30, 2024 and 2023, respectively. The effective interest rate of the Notes is 1.3%.

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**Securitization Debt of Consolidated VIEs**

The securitization debt was issued under UACC's securitization program. The Company elected to account for the 2022-2 and 2023-1 securitization debt under the fair value option using the measurement alternative. Fair value adjustments are recorded in "Realized and unrealized losses, net of recoveries" in the condensed consolidated statements of operations. Refer to Note 14 – Financial Instruments and Fair Value Measurements. The 2024-1 securitization debt is measured at amortized cost. For the 2022-2, 2023-1 and 2024-1 securitization transactions, the Company consolidated the VIEs and accounted for these transactions as secured borrowings. Refer to Note 4 – Variable Interest Entities and Securitizations for further discussion.

Upon the issuance of the securitization debt for the 2023-1 and 2024-1 securitization transactions, UACC retained the residual interests. UACC also retains the servicing rights for all finance receivables that were securitized; therefore, it is responsible for the administration and collection of the amounts owed under the contracts. In the first quarter of 2023, UACC waived its servicing fees related to the 2022-2 securitization and subsequently consolidated the 2022-2 trust. The securitization agreements also require certain funds to be held in restricted cash accounts to provide additional collateral for the borrowings or to be applied to make payments on the securitization debt. Restricted cash under the various agreements totaled approximately \$30.4 million and \$28.5 million as of September 30, 2024 and December 31, 2023, respectively.

Wholly owned bankruptcy remote subsidiaries of UACC were formed to facilitate the above asset-backed financing transactions. Bankruptcy remote refers to a legal structure in which it is expected that the applicable entity would not be included in any bankruptcy filing by its parent or affiliates. All of the assets of these subsidiaries have been pledged as collateral for the related debt. None of the assets of these subsidiaries are available to pay other creditors of the Company or its affiliates.

The securitization debt issued is included in "Long-term debt" on the condensed consolidated balance sheet. The securitization debt of consolidated VIEs consisted of the following (in thousands):

As of September 30, 2024

Series	Final Scheduled Payment Date	Initial Principal	Contractual Interest Rate	Outstanding Principal	Fair Value
United Auto Credit 2022-2-C	May 10, 2027	\$ 26,533	5.81 %	\$ 14,774	\$ 14,778
United Auto Credit 2022-2-D	January 10, 2028	32,889	6.84 %	32,889	32,813
United Auto Credit 2022-2-E	April 10, 2029	33,440	10.00 %	28,440	16,925
United Auto Credit 2023-1-B	July 10, 2028	51,157	5.91 %	9,604	9,604
United Auto Credit 2023-1-C	July 10, 2028	33,326	6.28 %	33,326	33,346
United Auto Credit 2023-1-D	July 10, 2028	35,653	8.00 %	35,653	36,366
United Auto Credit 2023-1-E	September 10, 2029	23,256	10.98 %	23,256	23,884
Total rated notes at fair value		<u>\$ 236,254</u>		<u>\$ 177,942</u>	<u>\$ 167,716</u>
United Auto Credit 2024-1-A	August 10, 2026	\$ 132,340	6.17 %	\$ 77,489	
United Auto Credit 2024-1-B	June 10, 2027	42,770	6.57 %	42,770	
United Auto Credit 2024-1-C	October 10, 2029	35,190	7.06 %	35,190	
United Auto Credit 2024-1-D	November 12, 2029	52,160	8.30 %	52,160	
United Auto Credit 2024-1-E	November 12, 2030	37,540	10.45 %	37,540	
Total rated notes at amortized cost		<u>\$ 300,000</u>		<u>\$ 245,149</u>	
Unamortized debt issuance costs				<u>\$ 2,854</u>	
Net carrying value				<u>\$ 242,295</u>	

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Series	Final Scheduled Payment Date	Initial Principal	Contractual Interest Rate	Outstanding Principal	Net Carrying Value
United Auto Credit 2021-1-D	June 10, 2026	\$ 29,380	1.14 %	\$ 3,246	\$ 3,235
United Auto Credit 2021-1-E	June 10, 2026	20,800	2.58 %	20,800	20,540
United Auto Credit 2021-1-F	September 10, 2027	13,910	4.30 %	13,910	13,644
United Auto Credit 2022-2-B	December 10, 2025	30,324	5.41 %	28,786	28,745
United Auto Credit 2022-2-C	May 10, 2027	26,533	5.81 %	26,533	26,331
United Auto Credit 2022-2-D	January 10, 2028	32,889	6.84 %	32,889	32,642
United Auto Credit 2022-2-E	April 10, 2029	33,440	10.00 %	33,440	29,691
United Auto Credit 2023-1-A	July 10, 2025	118,598	5.57 %	15,089	15,083
United Auto Credit 2023-1-B	July 10, 2028	51,157	5.91 %	51,157	51,019
United Auto Credit 2023-1-C	July 10, 2028	33,326	6.28 %	33,326	33,199
United Auto Credit 2023-1-D	July 10, 2028	35,653	8.00 %	35,653	36,152
United Auto Credit 2023-1-E	September 10, 2029	23,256	10.98 %	23,256	23,814
<b>Total rated notes</b>		<b>\$ 449,266</b>		<b>\$ 318,085</b>	<b>\$ 314,095</b>

The final scheduled payment date represents legal maturity of the remaining balance sheet securitization debt. Securitization debt is expected to become due and to be paid prior to those dates, based on amortization of the finance receivables pledged to the Trusts. Expected payments, which will depend on the performance of such receivables, as to which there can be no assurance, are \$55.5 million in 2024, \$170.0 million in 2025, \$102.4 million in 2026, \$53.8 million in 2027 and \$41.3 million in 2028.

In February 2024, UACC exercised its option to repurchase the 2021-1 securitization debt for a total redemption price of \$35.6 million.

The aggregate principal balance and the fair value of finance receivables pledged to the securitization debt consists of the following (in thousands):

	As of September 30,		As of December 31,	
	2024		2023	
	Aggregate Principal Balance	Net Carrying Value	Aggregate Principal Balance	Net Carrying Value
United Auto Credit 2021-1	\$ —	\$ —	\$ 38,951	\$ 35,790
United Auto Credit 2022-2	77,932	66,070	125,072	111,379
United Auto Credit 2023-1	126,289	103,178	197,586	169,829
United Auto Credit 2024-1	313,348	277,004	—	—
<b>Total finance receivables of CFEs</b>	<b>\$ 517,569</b>	<b>\$ 446,252</b>	<b>\$ 361,609</b>	<b>\$ 316,998</b>

**Financing of Beneficial Interests in Securitizations**

On May 3, 2023, UACC entered into a Risk Retention Financing Facility enabling it to finance asset-backed securities issued in its securitization transactions and held by UACC pursuant to applicable Risk Retention Rules. Under this facility, UACC sells such retained interests and agrees to repurchase them on a future date. In its initial transaction under this facility, UACC pledged \$24.5 million of its retained beneficial interests as collateral, and received proceeds of \$24.1 million, with expected repurchase dates ranging from March 2025 to September 2029. Following the completion of the 2024-1 securitization transaction, the Company pledged an additional \$15.8 million of its retained beneficial interests as collateral under the Risk Retention Financing Facility, and received proceeds of \$15.6 million, with expected repurchase dates ranging from August 2026 to November 2030 at the initial closing date. The securitization trusts will



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distribute payments related to UACC's pledged beneficial interests in securitizations directly to the lender, which will reduce the beneficial interests in securitizations and the related debt balance. Pledged collateral levels are monitored and are generally maintained at an agreed-upon percentage of the fair value of the amounts borrowed during the life of the transactions. In the event of a decline in the fair value of the pledged collateral, UACC may be required to transfer cash or additional securities as pledged under this facility. At the termination of this agreement, UACC is obligated to return the amounts borrowed.

The outstanding balance of this facility, net of unamortized debt issuance costs, was \$21.1 million and \$15.4 million as of September 30, 2024 and December 31, 2023, respectively, and is included in "Long-term debt" on the condensed consolidated balance sheet. As of September 30, 2024 and December 31, 2023, the fair value of the collateral pledged under this facility was \$22.0 million and \$15.8 million, respectively.

***Junior Subordinated Debentures***

On July 31, 2003, UACC issued junior subordinated debentures (trust preferred securities) of \$10.0 million through a subsidiary, UPFC Trust I. The trust issuer is a 100 percent owned finance subsidiary and the securities are fully and unconditionally guaranteed by Vroom Automotive Finance Corporation. The interest is paid quarterly at a variable rate, equal to SOFR + 3.05%. The final maturity of these securities is on October 7, 2033; however, they can be called at par any time at the Company's discretion.

**11. Commitments and Contingencies**

***Litigation***

From time to time, the Company is involved in various claims and legal actions that arise in the ordinary course of business and an unfavorable resolution of any of these matters could materially affect the Company's future results of operations, cash flows or financial position. The Company is also party to various disputes that the Company considers routine and incidental to its business. The Company does not expect the results of any of these routine actions to have a material effect on the Company's business, results of operations, financial condition, or cash flows. The Company accrues a liability when a loss is considered probable and the amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, the Company does not record a liability, but instead discloses the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Legal fees are expensed as incurred.

Beginning in March 2021, multiple putative class actions were filed in the U.S. District Court for the Southern District of New York by certain of the Company's stockholders against the Company and certain of the Company's officers alleging violations of federal securities laws. The lawsuits were captioned *Zawatsky et al. v. Vroom, Inc. et al.*, Case No. 21-cv-2477; *Holbrook v. Vroom, Inc. et al.*, Case No. 21-cv-2551; and *Hudda v. Vroom, Inc. et al.*, Case No. 21-cv-3296. All three of the lawsuits asserted similar claims under Sections 10(b) and 20(a) of the Exchange Act, and SEC Rule 10b-5. In each case, the named plaintiff(s) sought to represent a proposed class of all persons who purchased or otherwise acquired the Company's securities during a period from June 9, 2020 to March 3, 2021 (in the case of *Holbrook* and *Hudda*), or November 11, 2020 to March 3, 2021 (in the case of *Zawatsky*). In August 2021, the Court consolidated the cases under the new name *In re: Vroom, Inc. Securities Litigation*, Case No. 21-cv-2477, appointed a lead plaintiff and lead counsel and ordered a consolidated amended complaint to be filed. The court-appointed lead plaintiff subsequently filed a consolidated amended complaint that reasserts claims under Sections 10(b) and 20(a) of the Exchange Act, and SEC Rule 10b-5 against the Company and certain of the Company's officers, and added new claims under Sections 11, 12 and 15 of the Securities Act against the Company, certain of its officers, certain of its directors, and the underwriters of the Company's September 2020 secondary offering. The Company filed a motion to dismiss all claims, and briefing of this motion is complete. The Company believes this lawsuit is without merit and intends to vigorously contest these claims. While the outcome of any complex legal proceeding is inherently unpredictable and subject to significant uncertainties, based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on the Company's financial condition, cash flows, or results of operations.

In August 2021, November 2021, January 2022, and February 2022, various Company stockholders filed purported shareholder derivative lawsuits on behalf of the Company in the U.S. District Court for the Southern District of New York against certain of the Company's officers and directors, and nominally against the Company, alleging violations

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of the federal securities laws and breaches of fiduciary duty to the Company and/or related violations of Delaware law based on the same general course of conduct alleged in In re: Vroom, Inc. Securities Litigation. All four lawsuits have been consolidated under the case caption In re Vroom, Inc. Shareholder Derivative Litigation, Case No. 21-cv-6933, and the court has approved the parties' stipulation that the cases would remain stayed pending final resolution of In re: Vroom, Inc. Securities Litigation. All four derivative suits remain in preliminary stages and there have been no substantive developments in any matter.

In April 2022 and April 2024, two of the Company's stockholders filed separate purported shareholder derivative lawsuits on behalf of the Company in the U.S. District Court for the District of Delaware against certain of the Company's officers and directors, and nominally against the Company, alleging violations of the federal securities law and breaches of fiduciary duty to the Company and/or related violations of Delaware law based on the same general course of conduct alleged in In re: Vroom, Inc. Securities Litigation. The case filed in April 2022 is captioned Godlu v. Hennessy et al., Case No. 22-cv-569, the case filed in April 2024 is captioned Hudda v. Hennessy et al. Case No. 24-cv-4499., and the court in each has approved the parties' stipulations that each case would remain stayed pending final resolution of In re: Vroom, Inc. Securities Litigation. Both lawsuits remain in preliminary stages and there have been no substantive developments.

In January 2022, the Company received a non-public civil investigative demand from the Federal Trade Commission ("FTC"), seeking the production of information related to certain of the Company's business practices and the Company responded to those information requests. On February 23, 2024, the FTC notified the Company that it has reason to believe that the Company violated Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a); the FTC's Mail, Internet, or Telephone Order Merchandise Rule, 16 C.F.R. Part 435; the FTC's Used Motor Vehicle Trade Regulation Rule, 16 C.F.R. Part 455; and the FTC's Pre-Sale Availability Rule, 16 C.F.R. Part 702. On May 6, 2024, Vroom, Inc., Vroom Automotive, LLC and the FTC reached an agreement to resolve the FTC's allegations without any admission of wrongdoing by either Vroom entity, subject to final approval by the FTC and the court. Under the agreement, the Company agreed to pay a total of \$1 million in customer redress and abide permanently by an injunction. The FTC issued its final approval of the agreement on July 2, 2024, and a mutually-agreed upon order reflecting the agreement was entered by the Court on July 10, 2024. The case is captioned Federal Trade Commission v. Vroom, Inc. et al., Case No. 4:24-cv-02496.

In April 2022, the Attorney General of Texas filed a petition on behalf of the State of Texas in the District Court of Travis County, Texas against the Company, alleging violation of the Texas Deceptive Trade Practices – Consumer Protection Act, Texas Business and Commerce Code § 17.41 et seq., based on alleged deficiencies and other issues in the Company's marketing of used vehicles and fulfillment of customer orders, including the titling and registration of sold vehicles. According to the petition, 80% of the customer complaints referenced in the petition were received in the 12 months prior to April 2022. The petition is captioned State of Texas v. Vroom Automotive LLC, and Vroom Inc., Case No. D-1-GN-001809. In May 2022, Vroom Automotive, LLC and the Attorney General of the State of Texas agreed to a temporary injunction in which Vroom Automotive, LLC agreed to adhere to its existing practice of possessing title for all vehicles it sells or advertises as available for sale on its ecommerce platform. In December 2023, Vroom, Inc., Vroom Automotive, LLC and the Attorney General of the State of Texas reached a final agreement to resolve all claims in the petition, without any admission of wrongdoing by either Vroom entity. Under the agreement, the Company agreed to pay a total of \$2 million in civil penalties and \$1 million in attorneys' fees, with the first half due in September 2024 and the remaining half due in September 2025, and abide permanently by an injunction of certain operational practices that were previously implemented.

As previously disclosed, the Company has been subject to audits, requests for information, investigations and other inquiries from its regulators. These regulatory matters could continue to progress into legal proceedings as well as enforcement actions. The Company has incurred fines in certain states and could continue to incur fines, penalties, restitution, or alterations in the Company's business practices, which in turn, could lead to increased business expenses, additional limitations on the Company's business activities and further reputational damage, although to date such expenses have not had a material adverse effect on the Company's financial condition, cash flows, or results of operations.

Upon the filing of the Prepackaged Chapter 11 Case, it is anticipated that all litigation against the Debtor will be stayed pursuant to the automatic stay of the Bankruptcy Code. The RSA contemplates that all existing litigation will be unimpaired by the bankruptcy and the associated liabilities are not currently proposed to be discharged pursuant to the

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proposed plan of reorganization. Following the Plan Effective Date, it is anticipated that any litigation stayed during the Prepackaged Chapter 11 Case will continue.

***Other Matters***

The Company enters into agreements with third parties in the ordinary course of business that may contain indemnification provisions. In the event that an indemnification claim is asserted, the Company's liability, if any, would be limited by the terms of the applicable agreement. Historically, the Company has not incurred material costs to defend lawsuits or settle claims related to indemnification provisions.

**12. Preferred Stock and Stockholders' Equity**

***Preferred Stock***

On June 11, 2020, the Company amended its certificate of incorporation to authorize the issuance of up to 10,000,000 shares of Preferred Stock. As of September 30, 2024, there was no preferred stock issued or outstanding.

***Common Stock***

On February 13, 2024, the Company amended its certificate of incorporation to effect a 1-for-80 reverse stock split of shares of the Company's outstanding common stock, such that every 80 shares of common stock became one of common stock. The shares of common stock authorized for issuance remained unchanged at 500,000,000 and the par value per share of common stock remained unchanged at \$0.001. Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders.

***At-the-market Offering***

On December 1, 2023, the Company entered into an equity distribution agreement with Virtu Americas LLC to sell shares of the Company's common stock, par value \$0.001 per share, with aggregate gross sales proceeds of up to \$50.0 million, from time to time, through an "at-the-market" equity offering program (the "ATM offering"). As of September 30, 2024, the Company has up to \$47.5 million remaining in aggregate gross proceeds that can be issued through the ATM offering.

**13. Stock-based Compensation**

On May 28, 2020, the Company adopted the 2020 Incentive Award Plan ("the 2020 Plan"), which authorized the issuance of (i) up to 37,739 shares of the Company's common stock, (ii) an annual increase on the first day of each year beginning on January 1, 2022 and ending on January 1, 2030 of up to 4% of the shares of common stock outstanding on an as-converted basis on the last day of the immediately preceding fiscal year, and (iii) any shares of the Company's common stock subject to awards under the 2014 Plan which are forfeited or lapse unexercised and which following the effective date are not issued under the 2014 Plan. Awards may be issued in the form of restricted stock units, restricted stock, stock appreciation rights, and stock options. As of September 30, 2024, the Company has registered an additional 264,299 shares of the Company's common stock to be issued pursuant to the 2020 Plan.

Effective as of June 13, 2024, the stockholders approved an amendment to the 2020 Plan to increase the number of authorized shares by 350,000 shares. As of September 30, 2024, there were 455,348 shares available for future issuance under the 2020 Plan.

On May 20, 2022, the Company adopted the 2022 Inducement Award Plan (the "Inducement Award Plan"). Awards under the Inducement Award Plan may only be granted to a newly hired employee who has not previously been an employee or a member of the Board or an employee who is being rehired following a bona fide period of non-employment by the Company, in each case as a material inducement to the employee's entering into employment. An aggregate of 37,500 shares of the Company's common stock are reserved for issuance under the Inducement Award Plan. As of September 30, 2024, there were 32,436 shares available for future issuance under the Inducement Award Plan.

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**RSUs**

The Company recognized \$1.2 million and \$1.8 million of stock-based compensation expense related to RSUs for the three months ended September 30, 2024 and 2023, respectively and \$4.9 million and \$5.1 million for the nine months ended September 30, 2024 and 2023, respectively. As of September 30, 2024 and December 31, 2023, the Company had \$2.1 million and \$4.5 million, respectively, of unrecognized stock-based compensation expense that is expected to be recognized over a weighted-average period of 0.8 and 1.1 years, respectively.

Certain of the Company's RSU grants are subject to acceleration upon a change of control and termination within 12 months, and upon death, disability and certain other "good leaver" circumstances.

**14. Financial Instruments and Fair Value Measurements**

U.S. GAAP defines fair value as the price that would be received from selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. These estimates are subjective in nature and involve uncertainties and matters of judgment, and therefore cannot be determined with precision. U.S. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and establishes the following three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities

Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted market prices in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

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

**Items Measured at Fair Value on a Recurring Basis**

The Company holds certain financial assets that are required to be measured at fair value on a recurring basis. Additionally, the Company elected the fair value option for the financial assets and liabilities of UACC's 2022-2 and 2023-1 consolidated CFEs, beneficial interests in the 2022-1 securitization transaction, certain of UACC's finance receivables that are ineligible to be sold, and certain other finance receivables held for sale. Under the fair value option allowable under ASC 825, "Financial Instruments" ("ASC 825"), the Company may elect to measure at fair value financial assets and liabilities that are not otherwise required to be carried at fair value. Subsequent changes in fair value for designated items are reported in earnings.

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The following tables present the Company's financial assets and liabilities measured at fair value on a recurring basis (in thousands):

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Cash and cash equivalents:				
Money market funds	\$ 34,456	\$ —	\$ —	\$ 34,456
CFE assets:				
Finance receivables	—	—	244,981	244,981
Finance receivables at fair value	—	—	242,592	242,592
Other assets (beneficial interests in securitizations)	—	2,613	—	2,613
Total financial assets	<u>\$ 34,456</u>	<u>\$ 2,613</u>	<u>\$ 487,573</u>	<u>\$ 524,642</u>
<b>Financial Liabilities</b>				
CFE liabilities:				
Securitization debt of consolidated VIEs	—	150,791	16,925	167,716
Total financial liabilities	<u>\$ —</u>	<u>\$ 150,791</u>	<u>\$ 16,925</u>	<u>\$ 167,716</u>

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Cash and cash equivalents:				
Money market funds	\$ 27,121	\$ —	\$ —	\$ 27,121
CFE assets:				
Finance receivables	—	—	316,998	316,998
Finance receivables at fair value	—	—	31,672	31,672
Other assets (beneficial interests in securitizations)	—	4,485	—	4,485
Total financial assets	<u>\$ 27,121</u>	<u>\$ 4,485</u>	<u>\$ 348,670</u>	<u>\$ 380,276</u>
<b>Financial Liabilities</b>				
CFE liabilities:				
Securitization debt of consolidated VIEs	—	314,095	—	314,095
Total financial liabilities	<u>\$ —</u>	<u>\$ 314,095</u>	<u>\$ —</u>	<u>\$ 314,095</u>

**Valuation Methodologies of Financial Instruments Measured at Fair Value on a Recurring Basis**

The following is a description of the valuation methodologies used for financial instruments carried at fair value. These methodologies are applied to financial assets and liabilities across the fair value levels discussed above, and it is the observability of the inputs used that determines the appropriate level in the fair value hierarchy for the respective asset or liability.

*Money Market Funds:* Money market funds primarily consist of investments in highly liquid U.S. treasury securities, with original maturities of three months or less and are classified as Level 1. The Company determines the fair value of cash equivalents based on quoted prices in active markets.

*Financial assets and liabilities of CFEs:* In accordance with ASC 825, the Company has elected the fair value option, for the eligible financial assets and liabilities of the 2022-2 and 2023-1 consolidated CFEs in order to mitigate potential accounting mismatches between the carrying value of the financial assets and liabilities. To eliminate potential measurement differences, the Company elected the measurement alternative included in ASC 810-30, allowing the Company to measure both the financial assets and liabilities of a qualifying CFE using the fair value of either the CFE's financial assets or liabilities, whichever is more observable. Under the measurement alternative prescribed by ASC 810-30, the Company recognizes changes in the CFE's net assets, including changes in fair value adjustments and net interest earned, in its condensed consolidated statements of operations.

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The Company is required to determine whether the fair value of the financial assets or the fair value of the financial liabilities of the eligible CFEs are more observable, but in either case, the methodology results in the fair value of the financial assets of the securitization trust being equal to the fair value of their liabilities. The Company determined that the fair value of the liabilities of the securitization CFEs are more observable, since market prices of their liabilities are based on non-binding quoted prices provided by broker dealers who make markets in similar financial instruments. The assets of the securitization CFEs are not readily marketable, and their fair value measurement requires information that may be limited in availability.

In determining the fair value of the securitization debt of consolidated CFEs, the broker dealers consider contractual cash payments and yields expected by market participants. Broker dealers also incorporate common market pricing methods, including a spread measurement to the treasury curve or interest rate swap curve as well as underlying characteristics of the particular security including ratings, coupon, collateral type and seasoning or age of the security. When the Company obtains prices from multiple broker dealers for the same security and has a consensus among them, it deems these fair values to be based on observable valuation inputs and classified as Level 2 of the fair value hierarchy. Where a third-party broker dealer quote is not available, an internal model is utilized using unobservable inputs or if the Company has multiple quotes that are not within determined range, it classifies the securitization debt as Level 3 of the fair value hierarchy.

The financial assets of the consolidated CFEs are an aggregate value derived from the fair value of the CFEs liabilities. The Company determined that CFEs finance receivables in their entirety should be classified as Level 3 of the fair value hierarchy.

*Finance receivables at fair value:* Finance receivables at fair value represent finance receivables for which the Company elected the fair value option in accordance with ASC 825. The Company estimates the fair value of these receivables using a discounted cash flow model and incorporates key inputs that include prepayment speed, default rate, recovery rate, as well as certain macroeconomics events the Company believes market participants would consider relevant.

*Beneficial interests in securitization:* Beneficial interests in securitization relate to the 2022-1 securitization completed in February 2022 and include rated notes as well as certificates. The beneficial interests in the 2022-2 securitization completed in July 2022 were eliminated upon consolidation of the VIE in March 2023. Refer to Note 4 – Variable Interest Entities and Securitizations. The Company elected the fair value option on its beneficial interests in securitization.

Beneficial interests may initially be classified as Level 2 if the transactions occur within close proximity to the end of each respective reporting period. Subsequently, similar to the securitization debt described above, fair value is determined by requesting a non-binding quote from broker dealers, or by utilizing market acceptable valuation models, such as discounted cash flows. Broker dealer quotes may be based on an income approach, which converts expected future cash flows to a single present value amount, with specific consideration of inputs relevant to particular security types. Such inputs may include ratings, collateral types, geographic concentrations, underlying loan vintages, delinquencies and defaults, loss severity assumptions, prepayments, and maturities. When the volume or level of market activity for a security is limited, certain inputs used to determine fair value may not be observable in the market. Broker dealer quotes may also be based on a market approach that considers recent transactions involving identical or similar securities. When the Company obtains prices from multiple broker dealers for the same security and has a consensus among them, it deems these fair values to be based on observable valuation inputs and classified as Level 2 of the fair value hierarchy. Where a third-party broker dealer quote is not available, the Company utilizes an internally developed model using unobservable inputs. If internally developed models are utilized or if the Company has multiple quotes that are not within a consensus range of each other, the Company deems these securities to be classified as Level 3 of the fair value hierarchy.

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**Changes in Level 3 Recurring Fair Value Measurements**

The following table presents a reconciliation of the financial assets, which were measured at fair value on a recurring basis using Level 3 inputs (in thousands):

	Finance Receivables of Consolidated CFEs	Finance Receivables at Fair Value	Securitization Debt of Consolidated CFEs
Fair value as of January 1, 2024	\$ 316,998	\$ 31,672	\$ —
Transfer within Level 3 categories	53,899	(53,899)	—
Transfers into Level 3	—	—	20,864
Losses included in realized and unrealized losses	(52,017)	(14,956)	(3,939)
Issuances, net of discount	—	322,853	—
Paydowns	(84,821)	(44,786)	—
Other	10,922	1,708	—
Fair value as of September 30, 2024	<u>\$ 244,981</u>	<u>\$ 242,592</u>	<u>\$ 16,925</u>

	Finance Receivables of Consolidated CFEs	Finance Receivables at Fair Value
Fair value as of January 1, 2023	\$ 77,904	\$ 75,270
Reclassification of finance receivables held for sale to finance receivables at fair value, net	248,081	—
Transfer within Level 3 categories	24,175	(24,175)
Consolidation of VIEs	180,706	—
Losses included in realized and unrealized losses	(67,035)	(1,349)
Issuances, net of discount	—	3,392
Paydowns	(117,002)	(19,641)
Other	18,965	1,406
Fair value as of September 30, 2023	<u>\$ 365,794</u>	<u>\$ 34,903</u>

The Company's transfers between levels of the fair value hierarchy are assumed to have occurred at the beginning of the reporting period on a quarterly basis. During the three and nine months ended September 30, 2024, transfers into Level 3 liabilities related to not achieving consensus pricing from third-party broker dealers on the 2022-2 E rated notes related to the securitization debt of consolidated CFEs. During the nine months ended September 30, 2023, \$180.7 million of finance receivables related to the 2022-2 securitization transaction were consolidated and classified as Level 3 and \$248.1 million of finance receivables held for sale related to the 2023-1 securitization transaction were reclassified to Level 3 finance receivables of consolidated CFEs.

**Other Relevant Data for Financial Assets and Liabilities for which FVO Was Elected**

The following table presents the gains or losses recorded in "Realized and unrealized losses, net of recoveries" in the condensed consolidated statements of operations related to the eligible financial instruments for which the fair value option was elected (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Financial Assets</b>				
Finance receivables of CFEs	\$ 16,689	\$ 23,103	\$ 43,233	\$ 54,987
Finance receivables at fair value	3,758	2,027	9,758	605
Beneficial interests in securitizations	(65)	238	(157)	1,160
<b>Financial Liabilities</b>				
Debt of securitized VIEs	(2,567)	335	(7,053)	(6,916)
Total net loss included in "Realized and unrealized losses, net of recoveries"	<u>\$ 17,815</u>	<u>\$ 25,703</u>	<u>\$ 45,781</u>	<u>\$ 49,836</u>



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The following table presents other relevant data related to the finance receivables carried at fair value (in thousands):

<b>As of September 30, 2024</b>	<b>Finance Receivables of CFEs at Fair Value</b>	<b>Finance Receivables at Fair Value</b>
Aggregate unpaid principal balance included within finance receivables that are reported at fair value	\$ 287,993	\$ 273,600
Aggregate fair value of finance receivables that are reported at fair value	\$ 244,981	\$ 242,592
Unpaid principal balance of receivables within finance receivables that are reported at fair value and are on nonaccrual status (90 days or more past due)	\$ 6,430	\$ 2,529
Aggregate fair value of receivables carried at fair value that are on nonaccrual status (90 days or more past due)	\$ 5,436	\$ 1,774
<b>As of December 31, 2023</b>	<b>Finance Receivables of CFEs at Fair Value</b>	<b>Finance Receivables at Fair Value</b>
Aggregate unpaid principal balance included within finance receivables that are reported at fair value	\$ 361,609	\$ 36,207
Aggregate fair value of finance receivables that are reported at fair value	\$ 316,998	\$ 31,672
Unpaid principal balance of receivables within finance receivables that are reported at fair value and are on nonaccrual status (90 days or more past due)	\$ 6,700	\$ 717
Aggregate fair value of receivables carried at fair value that are on nonaccrual status (90 days or more past due)	\$ 5,921	\$ 544

All finance receivables of CFEs are pledged to the CFEs trusts.

The following table presents other relevant data related to securitization debt of consolidated VIEs carried at fair value (in thousands):

<b>As of September 30, 2024</b>	<b>Securitization debt of consolidated VIEs at Fair Value</b>
Aggregate unpaid principal balance of rated notes of securitized VIEs	\$ 177,942
Aggregate fair value of rated notes of securitized VIEs	\$ 167,716
<b>As of December 31, 2023</b>	<b>Securitization debt of consolidated VIEs at Fair Value</b>
Aggregate unpaid principal balance of rated notes of securitized VIEs	\$ 318,085
Aggregate fair value of rated notes of securitized VIEs	\$ 314,095

**Fair Value of Financial Instruments Not Carried at Fair Value**

The carrying amounts of restricted cash and other liabilities approximate fair value due to their short-term nature. The carrying value of the Warehouse Credit Facilities was determined to approximate fair value due to its short-term duration and variable interest rate that approximates prevailing interest rates as of each reporting period.

*Finance receivables held for sale, net:* For finance receivables eligible to be sold in a securitization, the Company determines the fair value of these finance receivables utilizing sales prices based on estimated securitization transactions, adjusted for transformation costs, risk and a normal profit margin associated with securitization transactions. Such fair value measurement of finance receivables held for sale, net is considered Level 3 of the fair value hierarchy. As of September 30, 2024, the carrying value and fair value of the finance receivables held for sale, net were \$254.9 million. As of December 31, 2023, the Company determined that all of these finance receivables should be marked to their fair value of \$468.8 million based on the results of the Company's lower of amortized cost basis or fair value analysis.

In addition, from time to time the Company may mark certain receivables, that are no longer eligible to be sold in a securitization, classified as held for sale to fair value on a non-recurring basis. As of September 30, 2024 and December



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31, 2023, there were \$108.1 million and \$34.8 million of these finance receivables that were marked to fair value on a non-recurring basis, respectively. These are finance receivables that became delinquent and no longer meet the expected securitization sales criteria. The Company uses a discounted cash flow model to estimate the present value of future recoveries for finance receivables. Such fair value measurement of finance receivables held for sale, net is considered Level 3 of the fair value hierarchy.

*Convertible Senior Notes:* The fair value of the Notes, which are not carried at fair value on the accompanying condensed consolidated balance sheets, was determined utilizing actual bids and offer prices of the Notes in markets that are not active and are classified within Level 2 of the fair value hierarchy.

	September 30, 2024	December 31, 2023
Carrying value	\$ 287,926	\$ 286,800
Fair value	\$ 145,244	\$ 152,506

*Securitization Debt:* The fair value of the 2024-1 securitization debt, which is not carried at fair value on the accompanying condensed consolidated balance sheets, was determined utilizing non-binding quoted prices provided by broker dealers, as discussed above, and classified as Level 2 of the fair value hierarchy.

	September 30, 2024
Carrying value	\$ 242,295
Fair value	\$ 248,526

*Financing of beneficial interests in securitizations:* The fair value of the financing of beneficial interests in securitizations, which are not carried at fair value on the accompanying condensed consolidated balance sheets, approximated their carrying value as of September 30, 2024 and December 31, 2023 and are classified within Level 3 of the fair value hierarchy.

*Junior Subordinated Debentures:* The fair value of the junior subordinated debentures, which are not carried at fair value on the accompanying consolidated balance sheets, approximated their carrying value as of September 30, 2024 and December 31, 2023 and are classified within Level 3 of the fair value hierarchy.

## 15. Segment Information

As a result of the Ecommerce Wind-Down during the three months ended March 31, 2024, the Company revised its reportable segments. The Company is now organized into two reportable segments: UACC and CarStory. Corporate activities are presented in "corporate" and do not constitute a reportable segment. These activities include costs not directly attributable to the segments and are primarily related to costs associated with corporate and governance functions, including executive functions, corporate finance, legal, human resources, information technology, cyber security and other shared costs. Certain shared costs, including corporate administration, are allocated to segments based upon specific allocation of expenses. Corporate activities also include the runoff of legacy Vroom third party vehicle service and GAP policies sold prior to the Ecommerce Wind-Down as well as certain Vroom contracts that have been renegotiated and right-sized to account for reduced headcount following the Ecommerce Wind-down. The Company retrospectively restated segment results for the comparative period to conform to the new presentation. No operating segments have been aggregated to form the reportable segments.

The Company determined its operating segments based on how the chief operating decision maker ("CODM") reviews the Company's operating results in assessing performance and allocating resources. The CODM reviews Adjusted EBITDA for each of the reportable segments. Adjusted EBITDA is defined as net loss before interest expense on corporate debt, interest income on cash and cash equivalents, income tax expense, depreciation and amortization expense, stock compensation expense, severance expense related to the continuing operations, gain on debt extinguishment and long-lived asset impairment charges, incurred by the segment. The CODM does not evaluate operating segments using asset information as these are managed on an enterprise-wide group basis. Accordingly, the Company does not report segment asset information. As of September 30, 2024 and December 31, 2023, long-lived assets were predominantly located in the United States.

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The UACC reportable segment represents UACC's operations with its network of third-party dealership customers, including the purchases and servicing of vehicle installment contracts. The segment also includes the runoff portfolio of retail installment sale contracts originated for Vroom or purchased from Vroom prior to the Ecommerce Wind-Down.

The CarStory reportable segment represents sales of AI-powered analytics and digital services to automotive dealers, automotive financial services companies and others in the automotive industry.

Information about the Company's reportable segments are as follows (in thousands):

	Three Months Ended September 30,							
	2024				2023			
	UACC	CarStory	Corporate	Total	UACC	CarStory	Corporate	Total
Interest income	\$ 50,801	\$ —	\$ (588)	\$ 50,213	\$ 48,068	\$ —	\$ (489)	\$ 47,579
Interest expense:								
Warehouse credit facility	6,251	—	—	6,251	5,522	—	—	5,522
Securitization debt	9,096	—	—	9,096	6,116	—	—	6,116
Total interest expense	15,347	—	—	15,347	11,638	—	—	11,638
Net interest income	35,454	—	(588)	34,866	36,430	—	(489)	35,941
Realized and unrealized losses, net of recoveries	30,117	—	8,229	38,346	30,323	—	6,935	37,258
Net interest income after losses and recoveries	5,338	—	(8,818)	(3,480)	6,107	—	(7,424)	(1,317)
Noninterest income:								
Servicing income	1,495	—	—	1,495	2,430	—	—	2,430
Warranties and GAP income (loss), net	2,074	—	1,843	3,917	1,487	—	(1,341)	146
CarStory revenue	—	2,890	—	2,890	—	2,998	—	2,998
Gain on debt extinguishment	—	—	—	—	—	—	—	—
Other income	1,698	199	522	2,419	570	141	1,346	2,057
Total noninterest income	5,267	3,089	2,365	10,721	4,487	3,139	5	7,631
Expenses:								
Compensation and benefits	19,819	3,127	2,419	25,365	14,976	2,328	2,547	19,851
Professional fees	875	(112)	824	1,587	986	71	2,591	3,648
Software and IT costs	2,346	17	997	3,360	2,798	170	1,717	4,685
Depreciation and amortization	5,505	1,600	—	7,105	5,689	1,609	—	7,298
Interest expense on corporate debt	681	—	920	1,601	540	—	1,053	1,593
Impairment charges	2,407	—	—	2,407	—	—	—	—
Other expenses	1,991	127	1,318	3,436	1,666	161	2,034	3,861
Total expenses	33,624	4,759	6,478	44,861	26,656	4,339	9,941	40,936
Adjusted EBITDA	\$ (14,119)	\$ (210)	\$ (11,205)	\$ (25,534)	\$ (9,780)	\$ 536	\$ (16,715)	\$ (25,959)

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	Nine Months Ended September 30,							
	2024				2023			
	UACC	CarStory	Corporate	Total	UACC	CarStory	Corporate	Total
Interest income	\$ 154,731	\$ —	\$ (1,579)	\$ 153,152	\$ 130,897	\$ —	\$ (1,955)	\$ 128,942
<b>Interest expense:</b>								
Warehouse credit facility	22,708	—	—	22,708	12,279	—	—	12,279
Securitization debt	21,960	—	—	21,960	16,442	—	—	16,442
Total interest expense	44,668	—	—	44,668	28,721	—	—	28,721
Net interest income	110,063	—	(1,579)	108,484	102,176	—	(1,955)	100,221
Realized and unrealized losses, net of recoveries	77,460	—	10,434	87,894	62,980	—	13,192	76,173
Net interest income after losses and recoveries	32,604	—	(12,013)	20,590	39,196	—	(15,148)	24,048
<b>Noninterest (loss) income:</b>								
Servicing income	5,101	—	—	5,101	7,835	—	—	7,835
Warranties and GAP income (loss), net	5,324	—	(9,671)	(4,347)	5,168	—	(1,436)	3,732
CarStory revenue	—	8,782	—	8,782	—	9,392	—	9,392
Gain on debt extinguishment	—	—	—	—	—	—	19,640	19,640
Other income	6,266	562	1,516	8,344	2,601	282	5,277	8,160
Total noninterest (loss) income	16,691	9,344	(8,155)	17,880	15,604	9,674	23,481	48,759
<b>Expenses:</b>								
Compensation and benefits	59,146	7,802	9,703	76,651	49,904	7,149	7,360	64,413
Professional fees	2,326	90	4,002	6,418	4,555	361	6,149	11,065
Software and IT costs	8,048	205	3,765	12,018	8,478	515	5,742	14,735
Depreciation and amortization	17,156	4,807	—	21,963	16,898	4,822	—	21,720
Interest expense on corporate debt	1,781	—	2,760	4,541	1,173	—	3,287	4,460
Impairment charges	5,159	—	—	5,159	—	—	—	—
Other expenses	7,569	300	4,984	12,853	5,927	462	7,242	13,631
Total expenses	101,187	13,203	25,213	139,603	86,935	13,308	29,781	130,024
Adjusted EBITDA	\$ (27,091)	\$ 720	\$ (38,858)	\$ (65,229)	\$ (13,956)	\$ 1,738	\$ (40,358)	\$ (52,576)

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The reconciliation between reportable segment Adjusted EBITDA to consolidated loss from continuing operations before provision for income taxes is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Adjusted EBITDA by Segment				
UACC	\$ (14,119)	\$ (9,780)	\$ (27,091)	\$ (13,956)
CarStory	(210)	536	720	1,738
Corporate	(11,205)	(16,715)	(38,858)	(40,358)
Total	<u>\$ (25,534)</u>	<u>\$ (25,959)</u>	<u>\$ (65,229)</u>	<u>\$ (52,576)</u>
Interest expense on corporate debt	(1,601)	(1,593)	(4,541)	(4,460)
Interest income on cash and cash equivalents	1,035	2,007	3,221	7,026
Depreciation and amortization	(7,105)	(7,298)	(21,963)	(21,720)
Stock compensation expense	(1,244)	(1,779)	(5,014)	(5,126)
Gain on debt extinguishment	—	—	—	19,640
Severance	(763)	—	(2,448)	—
Impairment charges	(2,407)	—	(5,159)	—
Loss from continuing operations before provision for income taxes	<u>\$ (37,620)</u>	<u>\$ (34,622)</u>	<u>\$ (101,133)</u>	<u>\$ (57,217)</u>

## 16. Income Taxes

The Company computes income taxes using the liability method. This method requires recognition of deferred tax assets and liabilities, measured by enacted rates, attributable to temporary differences between the financial statements and the income tax basis of assets and liabilities. In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that certain deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in those specific jurisdictions prior to the dates on which such net operating losses expire. The Company maintained a full valuation allowance against its net deferred tax assets because the Company has determined that it is more likely than not that these assets will not be fully realized based on a current evaluation of expected future taxable income and the Company being in a cumulative 3-year loss position.

The Company's effective tax rate from continuing operations for the three months ended September 30, 2024 and 2023 was (0.33)% and (0.34)%, respectively. The Company's effective tax rate from continuing operations for the nine months ended September 30, 2024 and 2023 was (0.39)% and (0.79)%, respectively.

The Company is subject to tax in the United States and many state and local jurisdictions. The Company, with certain exceptions, is no longer subject to income tax examinations by U.S. federal, state and local for tax years 2017 and prior. The company is not currently under audit for any US federal or state income tax audits.

The Internal Revenue Code (IRC) Section 382 provides for a limitation of the annual use of net operating loss and tax credit carryforwards following certain ownership changes (as defined by the IRC Section 382) that limits the Company's ability to utilize these carryforwards. The Company completed a Section 382 study to determine the applicable limitation, if any. It was determined that the Company has undergone four ownership changes the most recent of which was April 2021. These changes will limit the use of the net operating losses generated before the change in control.

The Company has not identified any uncertain tax positions as of September 30, 2024 or December 31, 2023. Any interest and penalties related to uncertain tax positions shall be recorded as a component of income tax expense. To date, no interest or penalties have been accrued in relation to uncertain tax positions.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law. The IRA includes implementation of a new alternative minimum tax, an excise tax on stock buybacks, and significant tax incentives for energy and climate initiatives, among other provisions. The Company evaluated the provisions included under the IRA and the provisions do not have a material impact to the Company's condensed consolidated financial statements.

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**17. Net Loss Per Share**

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

(in thousands, except share and per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss from continuing operations	\$ (37,744)	\$ (34,739)	\$ (101,526)	\$ (57,670)
Net loss from discontinued operations	\$ (1,999)	\$ (47,988)	\$ (27,024)	\$ (165,838)
Net loss	\$ (39,743)	\$ (82,727)	\$ (128,550)	\$ (223,508)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	1,807,398	1,746,154	1,800,729	1,739,042
Net loss per share attributable to common stockholders, continuing operations, basic and diluted	\$ (20.88)	\$ (19.89)	\$ (56.38)	\$ (33.16)
Net loss per share attributable to common stockholders, discontinued operations, basic and diluted	\$ (1.11)	\$ (27.48)	\$ (15.01)	\$ (95.36)
Total net loss per share attributable to common stockholders, basic and diluted	\$ (21.99)	\$ (47.38)	\$ (71.39)	\$ (128.52)

The following potentially dilutive shares were not included in the calculation of diluted shares outstanding for the periods presented as the effect would have been anti-dilutive:

	As of September 30,	
	2024	2023
Convertible senior notes	64,830	74,203
Stock options	25,911	29,744
Restricted stock units	132,614	175,103
Total	223,355	279,050

**18. Revised Consolidated Financial Statements Information**

In March 2024, in connection with the Ecommerce Wind-Down, the Company identified errors related to an overstatement of credit balances in other current liabilities and accounts payable as of and prior to December 31, 2023. The Company incorrectly recorded approximately \$1.4 million of other current liabilities and \$4.1 million of accounts payable, instead of a reduction in operating expenses of \$5.5 million, of which \$4.6 million related to annual periods prior to 2023. The Company evaluated the impact of these errors and concluded that they are not material to any previously issued annual or interim consolidated financial statements. As a result of these errors, the Company has revised the consolidated financial statements for the three and nine months ended September 30, 2023 and as of December 31, 2023 and 2022 and for the years then ended. The Company has reflected these revisions in its 2024 Quarterly Reports on Form 10-Q and intends to reflect the revisions in its 2024 Annual Report to be filed on Form 10-K.

The following table (in thousands) sets forth the Company's consolidated results of operations for the three and nine months ended September 30, 2023 and the years ended December 31, 2023 and 2022, which have been retrospectively adjusted for the impact of the immaterial errors identified as well as new financial statement presentation and discontinued operations presentation related to the Ecommerce Wind-Down.

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	Three Months Ended September 30, 2023				
	As Reported	Adjustments	Discontinued Operations	Presentation Reclasses (1)	As Recasted and Revised
Total revenue	\$ 235,634	\$ —	\$ (182,965)	\$ (52,668)	\$ —
Total cost of sales	187,540	—	(177,047)	(10,493)	—
Total gross profit	48,094	—	(5,918)	(42,175)	—
Selling, general and administrative expenses	79,586	(130)	(48,609)	(30,847)	—
Depreciation and amortization	11,010	—	(3,712)	(7,298)	—
Impairment charges	—	—	—	—	—
Loss from operations	(42,502)	130	46,403	(4,030)	—
Gain on debt extinguishment	—	—	—	—	—
Interest expense	12,058	—	(4,944)	(7,114)	—
Interest income	(5,506)	—	3,502	2,004	—
Other loss, net	33,543	—	—	(33,543)	—
Interest income				47,579	47,579
Total interest expense				11,638	11,638
Net interest income				35,941	35,941
Realized and unrealized losses, net of recoveries				37,258	37,258
Net interest income after losses and recoveries				(1,317)	(1,317)
Total noninterest (loss) income				7,631	7,631
Total expenses				40,936	40,936
Loss before provision (benefit) for income taxes	(82,597)	130	47,845	(34,622)	(34,622)
Provision (benefit) for income taxes	260	—	(143)	—	117
Net loss from continuing operations					(34,739)
Net loss from discontinued operations					(47,988)
Total net loss	\$ (82,857)	\$ 130	—	—	\$ (82,727)
Net loss per share attributable to common stockholders, continuing operations, basic and diluted					(19.89)
Net loss per share attributable to common stockholders, discontinued operations, basic and diluted					(27.48)
Total net loss per share attributable to common stockholders, basic and diluted	\$ (47.45)				\$ (47.38)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	1,746,154				1,746,154

(1) Reflects revised presentation as a result of the Ecommerce Wind-Down.

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	Nine Months Ended September 30, 2023				
	As Reported	Adjustments	Discontinued Operations	Presentation Reclasses (1)	As Recasted and Revised
Total revenue	\$ 657,279	\$ —	\$ (507,712)	\$ (149,566)	\$ —
Total cost of sales	524,379	—	(495,936)	(28,443)	—
Total gross profit	132,900	—	(11,776)	(121,123)	—
Selling, general and administrative expenses	263,078	(711)	(160,843)	(101,524)	—
Depreciation and amortization	31,845	—	(10,125)	(21,720)	—
Impairment charges	1,353	—	(1,353)	—	—
Loss from operations	(163,376)	711	160,545	2,121	—
Gain on debt extinguishment	(19,640)	—	—	19,640	—
Interest expense	30,915	—	(14,178)	(16,737)	—
Interest income	(16,369)	—	9,350	7,019	—
Other loss, net	65,019	—	—	(65,019)	—
Interest income				128,942	128,942
Total interest expense				28,721	28,721
Net interest income				100,221	100,221
Realized and unrealized losses, net of recoveries				76,173	76,173
Net interest income after losses and recoveries				24,048	24,048
Total noninterest (loss) income				48,759	48,759
Total expenses				130,024	130,024
Loss before provision (benefit) for income taxes	(223,301)	711	165,373	(57,217)	(57,217)
Provision (benefit) for income taxes	918	—	(465)	—	453
Net loss from continuing operations					(57,670)
Net loss from discontinued operations					(165,838)
Total net loss	<u>\$ (224,219)</u>	<u>\$ 711</u>			<u>\$ (223,508)</u>
Net loss per share attributable to common stockholders, continuing operations, basic and diluted					(33.16)
Net loss per share attributable to common stockholders, discontinued operations, basic and diluted					(95.36)
Total net loss per share attributable to common stockholders, basic and diluted	<u>\$ (128.93)</u>				<u>\$ (128.52)</u>
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	<u>1,739,042</u>				<u>1,739,042</u>

(1) Reflects revised presentation as a result of the Ecommerce Wind-Down.

**VROOM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

Year ended December 31, 2023

	As Reported	Adjustments	Discontinued Operations	Presentation Reclasses (1)	As Recasted and Revised
Total revenue	\$ 893,203	\$ —	\$ (687,215)	\$ (205,988)	\$ —
Total cost of sales	731,256	—	(692,037)	(39,219)	—
Total gross profit	161,947	—	4,822	(166,769)	—
Selling, general and administrative expenses	340,657	(929)	(205,977)	(133,751)	—
Depreciation and amortization	42,769	—	(13,656)	(29,113)	—
Impairment charges	48,748	—	(48,748)	—	—
Loss from operations	(270,227)	929	273,203	(3,905)	—
Gain on debt extinguishment	(37,878)	—	—	37,878	—
Interest expense	45,445	—	(19,556)	(25,889)	—
Interest income	(21,158)	—	13,218	7,940	—
Other loss (income), net	108,289	—	—	(108,289)	—
Interest income				\$ 178,482	\$ 178,482
Total interest expense				41,893	41,893
Net interest income				136,589	136,589
Realized and unrealized losses, net of recoveries				122,541	122,541
Net interest income after losses and recoveries				14,048	14,048
Total noninterest (loss) income				75,126	75,126
Total expenses				173,629	173,629
Loss before provision (benefit) for income taxes	(364,925)	929	279,541	(84,455)	(84,455)
Provision (benefit) for income taxes	615	—	(492)	—	123
Net loss from continuing operations					(84,578)
Net loss from discontinued operations					(280,033)
Total net loss	\$ (365,540)	\$ 929			(364,611)
Net loss per share attributable to common stockholders, continuing operations, basic and diluted					(48.52)
Net loss per share attributable to common stockholders, discontinued operations, basic and diluted					(160.65)
Total net loss per share attributable to common stockholders, basic and diluted	\$ (209.70)				\$ (209.17)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	1,743,128				1,743,128

(1) Reflects revised presentation as a result of the Ecommerce Wind-Down.



**VROOM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

	Year ended December 31, 2022				
	As Reported	Adjustments	Discontinued Operations	Presentation Reclasses (1)	As Recasted and Revised
Total revenue	\$ 1,948,901	\$ —	\$ (1,774,270)	\$ (174,631)	\$ —
Total cost of sales	1,704,114	—	(1,686,340)	(17,774)	—
Total gross profit	244,787	—	(87,930)	(156,857)	—
Selling, general and administrative expenses	566,387	(1,447)	(424,985)	(139,955)	—
Depreciation and amortization	38,290	—	(11,220)	(27,070)	—
Impairment charges	211,873	—	(211,873)	—	—
Loss from operations	(571,763)	1,447	560,148	10,168	—
Gain on debt extinguishment	(164,684)	—	—	164,684	—
Interest expense	40,693	—	(26,831)	(13,862)	—
Interest income	(19,363)	—	15,934	3,429	—
Other loss (income), net	43,181	—	—	(43,181)	—
Interest income				91,671	91,671
Total interest expense				9,508	9,508
Net interest income				82,163	82,163
Realized (gain) on sale of finance receivables				(44,481)	(44,481)
Realized and unrealized losses, net of recoveries				54,761	54,761
Net interest income after gains, losses and recoveries				71,883	71,883
Total noninterest (loss) income				208,983	208,983
Total expenses				179,965	179,965
(Loss) income before provision (benefit) for income taxes	(471,590)	1,447	571,045	100,901	100,901
Provision (benefit) for income taxes	(19,680)	—	—	—	(19,680)
Net income from continuing operations					120,581
Net loss from discontinued operations					(571,045)
Total net loss	<u>\$ (451,910)</u>	<u>\$ 1,447</u>	<u>—</u>	<u>—</u>	<u>\$ (450,464)</u>
Net loss per share attributable to common stockholders, continuing operations, basic and diluted					69.95
Net loss per share attributable to common stockholders, discontinued operations, basic and diluted					\$ (331.26)
Total net loss per share attributable to common stockholders, basic and diluted	<u>\$ (262.15)</u>				<u>\$ (261.31)</u>
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	<u>1,723,843</u>				<u>1,723,843</u>

(1) Reflects revised presentation as a result of the Ecommerce Wind-Down.

**VROOM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

The impacts to our Consolidated Balance Sheets as of December 31, 2023 and 2022 were as follows (in thousands):

	As of December 31, 2023				
	As Reported	Adjustments	Discontinued Operations	Presentation Reclasses (1)	As Recasted and Revised
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 135,585				\$ 135,585
Restricted cash	73,234				73,234
Accounts receivable, net of allowance	9,139		(4,413)	(4,726)	—
Finance receivables at fair value	12,501			(12,501)	—
Finance receivables held for sale, net	503,546				503,546
Inventory	163,250		(163,250)		—
Beneficial interests in securitizations	4,485			(4,485)	—
Prepaid expenses and other current assets	50,899		(8,818)	(42,081)	—
Total current assets	952,639	—	(176,481)	(63,793)	
Finance receivables at fair value	336,169			12,501	348,670
Property and equipment, net	24,132		(19,150)		4,982
Intangible assets, net	131,892				131,892
Operating lease right-of-use assets	7,063				7,063
Interest Receivable				14,484	14,484
Other assets (including other assets of consolidated VIEs of \$1.8 million)	23,527		(906)	36,808	59,429
Assets from discontinued operations			196,537		196,537
Total assets	<u>\$ 1,475,422</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,475,422</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Current Liabilities:					
Accounts payable	\$ 26,762	\$ (4,138)	\$ (6,439)	\$ (16,185)	\$ —
Accrued expenses	52,452		(27,133)	(25,319)	—
Vehicle floorplan	151,178		(151,178)		—
Warehouse credit facilities of consolidated VIEs	421,268		—		421,268
Current portion of long-term debt	172,410		—	(172,410)	—
Deferred revenue	14,025		(14,025)		—
Operating lease liabilities, current	8,737		(6,105)	(2,632)	—
Other current liabilities	9,974	(1,382)	(5,884)	(2,708)	—
Total current liabilities	856,806	(5,520)	(210,764)	(219,254)	
Long-term debt, net of current portion	454,173		—	172,410	626,583
Operating lease liabilities, excluding current portion	25,183		(17,356)	2,632	10,459
Other long-term liabilities	17,109		—	44,212	61,321
Liabilities from discontinued operations			228,120		228,120
Total liabilities	<u>1,353,271</u>	<u>(5,520)</u>	<u>—</u>	<u>—</u>	<u>1,347,751</u>
Commitments and contingencies					
Stockholders' equity:					
Common stock, \$0.001 par value; 500,000,000 shares authorized as of December 31, 2023; 1,791,286 shares issued and outstanding as of December 31, 2023	2				2
Additional paid-in-capital	2,088,381				2,088,381
Accumulated deficit	(1,966,232)	5,520			(1,960,712)
Total stockholders' equity	<u>122,151</u>	<u>5,520</u>	<u>—</u>	<u>—</u>	<u>127,671</u>
Total liabilities and stockholders' equity	<u>\$ 1,475,422</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,475,422</u>

(1) Reflects revised presentation as a result of the Ecommerce Wind-Down.

**VROOM, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

	As of December 31, 2022				
	As Reported	Adjustments	Discontinued Operations	Presentation Reclasses (1)	As Recasted and Revised
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 398,915				\$ 398,915
Restricted cash	73,095				73,095
Accounts receivable, net of allowance	13,967		(13,046)	(921)	0
Finance receivables at fair value	12,939			(12,939)	—
Finance receivables held for sale, net	321,626				321,626
Inventory	320,648		(320,648)		—
Beneficial interests in securitizations	20,592				20,592
Prepaid expenses and other current assets	58,327		(28,552)	(29,775)	0
<b>Total current assets</b>	<b>1,220,109</b>	<b>—</b>	<b>(362,246)</b>	<b>(43,635)</b>	<b>814,228</b>
Finance receivables at fair value	140,235			12,939	153,174
Property and equipment, net	50,201		(45,735)		4,466
Intangible assets, net	158,910				158,910
Operating lease right-of-use assets	23,568		(21,015)		2,553
Interest receivable				7,242	7,242
Other assets	26,004		(3,246)	23,454	46,212
Assets from discontinued operations			432,242		432,242
<b>Total assets</b>	<b>\$ 1,619,027</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,619,027</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Current Liabilities:					
Accounts payable	\$ 34,702	\$ (3,310)	\$ (14,523)	\$ (16,869)	\$ 0
Accrued expenses	76,795		(47,062)	(29,733)	(0)
Vehicle floorplan	276,988		(276,988)		—
Warehouse credit facilities of consolidated VIEs	229,518				229,518
Current portion of long-term debt	47,239			(47,239)	—
Deferred revenue	10,655		(10,655)		—
Operating lease liabilities, current	9,730		(7,352)	(2,378)	(0)
Other current liabilities	17,693	(1,283)	(9,966)	(6,444)	0
<b>Total current liabilities</b>	<b>703,320</b>	<b>(4,592)</b>	<b>(366,547)</b>	<b>(102,663)</b>	<b>229,518</b>
Long-term debt, net of current portion	402,154			47,239	449,393
Operating lease liabilities, excluding current portion	20,129		(17,276)	2,378	5,231
Other long-term liabilities	18,183			53,046	71,229
Liabilities from discontinued operations			383,823		383,823
<b>Total liabilities</b>	<b>1,143,786</b>	<b>(4,592)</b>	<b>—</b>	<b>—</b>	<b>1,139,194</b>
Commitments and contingencies					
Stockholders' equity:					
Common stock, \$0.001 par value; 500,000,000 shares authorized as of December 31, 2023 and 2022; 1,791,286 and 1,727,525 shares issued and outstanding as of December 31, 2023 and 2022, respectively	2				2
Additional paid-in-capital	2,075,931				2,075,931
Accumulated deficit	(1,600,692)	4,592			(1,596,100)
<b>Total stockholders' equity</b>	<b>475,241</b>	<b>4,592</b>	<b>—</b>	<b>—</b>	<b>479,833</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,619,027</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,619,027</b>

(1) Reflects revised presentation as a result of the Ecommerce Wind-Down.

There is no impact to our Consolidated Statements of Changes in Stockholders' Equity for the three and nine months ended September 30, 2023 and years ended December 31, 2023 and 2022 other than the impact to accumulated deficit as a result of the changes in net loss as presented above and as a result of impacts for periods prior to 2023 to opening accumulated deficit as of December 31, 2022.

There is no impact to net cash used in (provided by) operating activities; investing activities or financing activities in our Consolidated Statements of Cash Flows.

## 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 condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. Reported amounts reflect the revisions discussed in Note 18 to the condensed consolidated financial statements. As discussed in the section titled "Special Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified below and in the section titled "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"), as updated by reference into the section titled "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future.*

### Recent Events

#### **Recapitalization of Balance Sheet Debt: Entry into the RSA and Anticipated Prepackaged Chapter 11 Case**

On November 12, 2024, we entered into a Restructuring Support Agreement (together with all exhibits and schedules thereto, the "RSA") with creditors holding, in the aggregate, over 80% of the aggregate outstanding principal amount of the Notes (as defined below) and the largest shareholder. The RSA contemplates a comprehensive restructuring of the Company's debt obligations and capital structure to be implemented through a prepackaged plan of reorganization (the "Plan") to be implemented through the anticipated filing of the Prepackaged Chapter 11 Case (as defined below). Capitalized terms used in this section but not defined herein have the meanings ascribed to them in the RSA.

In connection with the restructuring contemplated by the anticipated filing of the Prepackaged Chapter 11 Case, the ordinary course operations of Vroom, Inc.'s subsidiaries are expected to continue with minimal impact, if any, and trade creditors and all other general unsecured creditors are expected to be unimpaired. If the Plan is consummated, we will emerge without any remaining Notes, but will maintain UACC's Warehouse Credit Facilities (as defined below), securitization debt, financing of beneficial interest in securitizations, and junior subordinated debentures.

Vroom, Inc. (in the context of the anticipated Prepackaged Chapter 11 Case, the "Debtor") is expected to commence a voluntary proceeding (the "Prepackaged Chapter 11 Case") under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). We plan to continue to operate our business as a "debtor-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. We plan to seek approval of certain "first day" motions containing customary relief intended to assure our ability to continue ordinary course operations. None of Vroom, Inc.'s subsidiaries are expected to commence Chapter 11 proceedings.

Our pursuit of the Prepackaged Chapter 11 Case is intended to address the impact of the Notes and their upcoming maturity, or any potential acceleration, while providing the potential for our stockholders to retain value in their investment, limiting disruption to our ongoing ordinary course operations, emerging as a public company without any long-term debt at the Vroom, Inc. level, and maximizing the ability to utilize a substantial portion of our net operating losses. See "Liquidity and Capital Resources" for more information on our Notes and the potential restructuring of our debt obligations as a result of the Prepackaged Chapter 11 Case, and Part II, Item 1A Risk Factors for risks associated with the Prepackaged Chapter 11 Case and our ability to realize its intended benefits.

**Commitments and Representations.** Each of the Debtor and the Consenting Stakeholders have made certain customary commitments and representations in the RSA. The Debtor has agreed, among other things, to support and take all commercially reasonable actions necessary and appropriate to facilitate the restructuring and meet milestones set forth in the RSA. The Consenting Stakeholders have committed to the Debtor, among other things, to support and vote for the Plan and use their commercially reasonable efforts to consummate and complete the restructuring.

*Milestones.* The RSA contains milestones ("Milestones") relating to the progress of the Prepackaged Chapter 11 Case, which include, among other things, entry of an order by the Bankruptcy Court confirming the Plan and approving the related disclosure statement no later than 60 days following the Petition Date and the occurrence of the date on which the Plan has become effective in accordance with its terms (the "Plan Effective Date") no later than 75 days following the Petition Date.

*Termination.* Each of the parties to the RSA may terminate the agreement (and thereby their support for the Plan) under certain limited circumstances, including, among other things: (i) in the case of the Company and the Consenting Noteholders, the failure to meet the Milestones; (ii) the occurrence of certain breaches of the RSA; (iii) the mutual agreement of the parties; and (iv) in the case of the Company, if the Board, members, or managers, as applicable, of the Company reasonably determines in good faith and based upon advice of outside legal counsel that performance under the RSA would be inconsistent with its applicable fiduciary duties.

*Consummation.* Consummation of the restructuring contemplated by the RSA is subject to approval of the Plan by the Bankruptcy Court and other conditions. Accordingly, no assurance can be given that the transactions described therein will be consummated.

*Summary of Material Terms.* The following is a summary of the material terms of the restructuring that are set forth in the Plan:

- The capital structure of the reorganized Debtor upon the Plan Effective Date will consist of the new common stock to be issued by the reorganized Debtor on the Plan Effective Date (the "New Common Stock"), distributed to (a) the holders of Unsecured Notes Claims; and (b) the holders of Existing Equity Interests, and resulting in pro forma ownership percentages of (x) 92.94% of the New Common Stock held by the holders of Unsecured Notes Claims; and (y) 7.06% of the New Common Stock held by holders of Existing Equity Interests; in each case, subject to dilution by the (i) New Warrants, (ii) the MIP Awards, and (iii) the Post-Effective Date Equity Awards.
- Promptly following the Plan Effective Date, the New Board will approve and implement the Management Incentive Plan (the "MIP"). The RSU Awards and the ESO Grants will be granted subject to approval by the New Board, with the allocation of such grants to be determined in good faith by the New Board in consultation with the reorganized company's chief executive officer.
- The reorganized company reserves the right to register the New Warrants with the U.S. Securities and Exchange Commission ("SEC") by filing a Registration Statement on Form S-1 in its discretion if it determines that doing so would be necessary or desirable in connection with the trading of such securities. As contemplated, the New Warrants will have the following key terms:
  - o Number: The New Warrants will be for the purchase of an aggregate of 1,808,243 shares of New Common Stock, equal to the number of presently existing outstanding shares of common stock of the Company;
  - o Exercise Price: The New Warrants will have an exercise price of \$12.19 per share;
  - o Expiration: The New Warrants will expire on the 5th anniversary of the Plan Effective Date;
  - o Anti-Dilution Protections: The New Warrants will contain customary anti-dilution protection for stock splits, stock dividends, and similar events but will not have Black-Scholes protections; and
  - o Transferability: The New Warrants will be freely transferable, subject to applicable securities laws.

The Plan is attached as an exhibit to the RSA, which is filed as Exhibit 10.1 hereto. Under the Plan, certain classes of claims will receive upon consummation the following treatment:

- Holders of Other Priority Claims, Secured Claims, General Unsecured Claims, and 510(b) Claims will be unimpaired.
- Each holder of Claims under the Unsecured Notes Indenture (the "Unsecured Notes Claims") will receive, except to the extent that such holder agrees in writing to less favorable treatment, on the Effective Date, its pro rata share of 92.94% of the New Common Stock (subject to dilution by (i) the New Warrants, (ii) the MIP Awards, and (iii) the Post-Effective Date Equity Awards).

- Each holder of any Equity Security or other ownership interest in the Debtor as in existence immediately before the Plan Effective Date, but excluding any Existing Equity Awards (the “Existing Equity Interests”), will receive, except to the extent that such holder agrees in writing to less favorable treatment, on the Effective Date, (i) its pro rata share of 7.06% of the New Common Stock (subject to dilution by (a) the New Warrants, (b) the MIP Awards, and (c) the Post-Effective Date Equity Awards) and (ii) the right to receive New Warrants in an amount equal to its pro rata share of Existing Equity Interests.
- Except to the extent the holder of any options or restricted stock units representing rights to purchase or acquire any Equity Securities of the Debtor as in existence immediately before the Plan Effective Date (the “Existing Equity Awards,” and together with the Existing Equity Interests, the “Equity Interests”) agrees in writing to less favorable treatment, on the Effective Date, all Existing Equity Awards will be converted into new awards (the “Post-Effective Date Equity Awards”) exchangeable into New Common Stock on the same terms and conditions, and for the same number of units, applicable to the Existing Equity Awards in respect of the Existing Equity Interests, as of immediately prior to the Plan Effective Date.

In connection with the restructuring, trade creditors and all other general unsecured creditors are expected to be unimpaired.

As described above, the Plan contemplates for the amendment and restatement, effective upon approval by the New Board, of the Company’s 2020 Incentive Award Plan in order to implement the MIP, pursuant to which 10% of the New Common Stock (as defined in the Plan) outstanding on a fully diluted basis as of immediately following emergence may be issued in the form of restricted stock unit awards and 5% of the New Common Stock outstanding on a fully diluted basis as of immediately following emergence may be issued in the form of stock options to certain employees of the Debtor, in each case on the terms set forth in the MIP Term Sheet.

### ***Going Concern***

As described above, we are contemplating the filing of the Prepackaged Chapter 11 Case. We believe we will be able to emerge from bankruptcy and continue to operate as a viable going concern. However, there is no assurance that: (a) the Plan will become effective, (b) the Plan will ultimately be approved by the requisite voting creditors and interest holders and confirmed by the Bankruptcy Court, (c) the Bankruptcy Court will grant or deny motions in a manner that is not adverse to the Debtor, and (d) the anticipated Prepackaged Chapter 11 Case will not be converted into cases under chapter 7 of the Bankruptcy Code. The transactions contemplated by the RSA and Plan are subject to approval by the Bankruptcy Court, among other conditions. Accordingly, we can provide no assurance that the transactions described therein will be consummated.

Due to the uncertainties described above, there is substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is contingent upon our plans, which includes, among other things, our ability to, subject to the approval by the Bankruptcy Court, implement a comprehensive restructuring and successfully emerge from the anticipated Prepackaged Chapter 11 Case. Despite the anticipated Chapter 11 filing, we retain sufficient liquidity, with approximately \$51.1 million of unrestricted cash on our Condensed Consolidated Balance Sheet as of September 30, 2024, and we continue to meet our obligations to customers, vendors, counterparties and employees in the ordinary course of business.

The accompanying unaudited condensed consolidated financial statements have been prepared on the basis that we will continue to operate as a going concern, which contemplates that we will be able to realize assets and settle liabilities and commitments in the normal course of business for twelve months following the issuance date. Accordingly, the accompanying unaudited condensed consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

### ***Value Maximization Plan***

On January 22, 2024, we announced that our Board had approved the Value Maximization Plan, pursuant to which we discontinued our ecommerce operations and wound down our used vehicle dealership business in order to preserve liquidity and enable us to maximize stakeholder value through our remaining businesses. We have ceased transacting through vroom.com, completed transactions for customers who had previously contracted with us to purchase or sell a vehicle, halted purchases of additional vehicles, sold substantially all of our used vehicle inventory through wholesale channels and paid off our 2022 Vehicle Floorplan Facility. We continue to take other actions to maximize



stakeholder value by seeking to monetize our legacy ecommerce platform, reduce our outstanding commitments and preserve our liquidity, and have executed a reduction-in-force commensurate with our reduced operations. On March 29, 2024, we substantially completed the wind-down of our ecommerce operations and used vehicle dealership business (the "Ecommerce Wind-Down"), however, we may incur additional wind-down costs through the end of 2024.

We also own and operate UACC, a leading automotive finance company that offers vehicle financing to consumers through third-party dealers under the UACC brand, and CarStory, an artificial intelligence ("AI")-powered analytics and digital services platform for automotive retail. The UACC and CarStory businesses continue to serve their third-party customers, with their operations substantially unaffected by the Ecommerce Wind-Down. We will seek to grow and enhance the profitability of the UACC and CarStory businesses going forward.

As a result of the Value Maximization Plan, we estimate that we will incur total cash charges during 2024 of approximately \$15.9 million for severance and other personnel-related costs, with \$15.8 million incurred during the nine months ended September 30, 2024, and approximately \$13.9 million in contract and lease termination costs, with the total amount settled during the nine months ended September 30, 2024. As part of a planned reduction-in-force under the Value Maximization Plan, approximately 800 employees were impacted by the wind-down, resulting in a reduction of approximately 93% of the employees not engaged in UACC's or CarStory's ongoing operations.

## **Overview**

Vroom owns United Auto Credit Corporation, a leading automotive finance company that offers vehicle financing to consumers through third-party dealers under the UACC brand, and the CarStory business, a leader in AI-powered analytics and digital services for automotive retail.

### **UACC**

UACC, which Vroom acquired in February 2022, is an indirect lender that offers vehicle financing to consumers through third-party dealers under the UACC brand, focusing primarily on the non-prime market. Prior to the Ecommerce Wind-Down, UACC also offered vehicle financing to Vroom's customers through its ecommerce platform.

UACC, which has been engaged in automotive finance since 1996, currently offers financing services to a nationwide network of thousands of independent motor vehicle dealers and manufacturer-franchised dealers in 49 states, and we seek to optimize that network over time. UACC enables these dealers to finance their customers' purchases of automobiles, medium and light duty trucks and vans with competitive financing terms. The credit programs offered by UACC are primarily designed to serve consumers who have limited access to traditional motor vehicle financing.

In addition to its financing expertise, the UACC platform brings with it extensive application processing, underwriting, and servicing capabilities. UACC services the retail installment sales contracts it originates or purchases and will continue to service the contracts it originated or purchased for customers of Vroom's former ecommerce business. Because UACC focuses primarily on the non-prime market, it generally sustains a higher level of delinquencies and credit losses than that experienced by traditional motor vehicle financing sources. As of September 30, 2024, UACC serviced a portfolio of approximately 80,000 retail installment sales contracts with an aggregate principal outstanding balance of \$1.1 billion.

### **CarStory**

CarStory is a leader in AI-powered analytics and digital services for automotive retail. CarStory offers its digital retailing services to dealers, automotive financial services companies and others in the automotive industry, which use CarStory's solutions to enhance their customer experience and drive increased vehicle purchases.

CarStory drives automotive retail innovation by aggregating, optimizing and distributing data from thousands of automotive sources. CarStory tracks over three and a half million unique vehicle identification numbers ("VINs") listed for sale every day. This data is aggregated with demand insights from millions of consumer sessions and VIN data from CarStory's proprietary VIN database to generate accurate price and sales predictions. CarStory helps dealers optimize their pricing by leveraging data science models for retail pricing that provide predictive pricing for marketing, buying, selling and VIN-level features.

In addition to its data analytics and digital services, CarStory powers white labeled storefronts for automotive marketplaces and finance companies. In developing its white label capabilities, CarStory also has developed a variety of consumer-focused functions designed to enhance the customer experience and drive conversion. CarStory's data and data science assets create significant opportunity for automotive AI product development, with over 200 million VINs, over three billion photos, and price and price elasticity models.

### **Long-term Strategic Plan**

Since the announcement of the Value Maximization Plan in January 2024, we have been focused on building a long-term strategic plan leveraging our remaining assets to improve the profitability of the business and achieve three key objectives: achieve pre-COVID Cumulative Net Losses (CNL) or lower, grow origination with pre-COVID CNL or lower, and lower operating cost.

In order to achieve these objectives, we are focused on four strategic initiatives:

- Build a world class lending program: Focus on using advanced models and analytics to predict losses and drive profitable growth, bringing subprime CNL to pre-COVID levels. Expand the near-prime program to enable UACC to become a more significant partner to dealers.
- Build a world class sales and marketing program: Attract and retain the best dealers and drive deeper dealer engagement to enable growth. Improve the Fast Lane, a portal built to provide the dealer with everything they need from application through contracting.
- Build operational excellence in originations: Enhance systemic capabilities and decisioning for a more efficient process. Integrate Vroom patent-pending AI agent into UACC's funding process to reduce costs, improve accuracy, and reduce fraud. Build a pre-verification automated engine to improve dealer service, improve credit quality and increase capture rates.
- Build operational excellence in servicing: Utilize data science, advanced analytics and technology to enable an improved approach to servicing effectiveness. Utilize the native consumer mobile app, which was launched in September 2024, to improve customer engagement and communication and target more on-time payments.

### **Non-GAAP Financial Measures**

In addition to our results determined in accordance with U.S. GAAP, we believe the following non-GAAP financial measures are useful in evaluating our operating performance: EBITDA and Adjusted EBITDA. These non-GAAP financial measures have limitations as analytical tools in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with U.S. GAAP. Because of these limitations, these non-GAAP financial measures should be considered along with other operating and financial performance measures presented in accordance with U.S. GAAP. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with U.S. GAAP. We have reconciled all non-GAAP financial measures with the most directly comparable U.S. GAAP financial measures.

EBITDA and Adjusted EBITDA are supplemental performance measures that our management uses to assess our operating performance and the operating leverage in our business. Because EBITDA and Adjusted EBITDA facilitate internal comparisons of our historical operating performance on a more consistent basis, we use these measures for business planning purposes.

#### ***EBITDA and Adjusted EBITDA***

We calculate EBITDA as net loss before interest expense on corporate debt, interest income on cash and cash equivalents, income tax expense and depreciation and amortization expense.

We calculate Adjusted EBITDA as EBITDA adjusted to exclude stock compensation expense, severance expense related to the continuing operations, gain on debt extinguishment and long-lived asset impairment charges.



The following table presents a reconciliation of EBITDA and Adjusted EBITDA to net loss from continuing operations, which is the most directly comparable U.S. GAAP measure:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Net loss from continuing operations	\$ (37,744)	\$ (34,739)	\$ (101,526)	\$ (57,670)
Adjusted to exclude the following:				
Interest expense on corporate debt	1,601	1,593	4,541	4,460
Interest income on cash and cash equivalents	(1,035)	(2,007)	(3,221)	(7,026)
Provision for income taxes	124	117	393	453
Depreciation and amortization	7,105	7,298	21,963	21,720
EBITDA	<u>\$ (29,949)</u>	<u>\$ (27,738)</u>	<u>\$ (77,850)</u>	<u>\$ (38,063)</u>
Stock compensation expense	1,244	1,779	5,014	5,126
Severance	763	—	2,448	—
Gain on debt extinguishment	—	—	—	(19,640)
Impairment charges	2,407	—	5,159	—
Adjusted EBITDA	<u>\$ (25,534)</u>	<u>\$ (25,959)</u>	<u>\$ (65,229)</u>	<u>\$ (52,576)</u>

### Key Factors and Trends Affecting our Operating Results

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors and trends, including the following:

#### ***Anticipated Prepackaged Chapter 11 Case***

We are subject to risks and uncertainties associated with the anticipated Prepackaged Chapter 11 Case, including the impact on our liquidity, cash balances, and Nasdaq listing status. In addition, the entry into the RSA and the anticipated filing of the 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. Our business could also suffer from a long and protracted restructuring. Furthermore, we may not realize any or all of the intended benefits of the Prepackaged Chapter 11 Case. All of these factors could limit our ability to pursue growth strategies for our business in the near- to mid-term.

#### ***Ability to manage credit losses***

While credit losses are inherent in the automotive finance receivables business, several variables have affected UACC's recent loss and delinquency rates, including rising interest rates, the current inflationary environment and vehicle depreciation. UACC is currently experiencing higher loss severity and higher losses on its finance receivables, which has negatively impacted the fair value of our finance receivables and the losses recognized for the nine months ended September 30, 2024 and are expected to continue to negatively impact our business for the remainder of 2024. UACC primarily operates in the non-prime sector of the market which tends to have more volatility. In 2020 and 2021, COVID related stimulus and used vehicle appreciation resulted in significantly lower delinquencies and subsequent losses. In late 2022 and 2023, delinquencies and loss rates rose as a result of the aforementioned factors and, in response, we implemented changes to our credit program, such as tightening credit, which is starting to return our delinquencies and expected portfolio performance on those vintages to normalized levels. We also intend to leverage CarStory data to improve VIN-level valuations to support underwriting decisions and servicing operations. Certain advance rates available to UACC on borrowings from the Warehouse Credit Facilities have decreased as a result of the increasing credit losses in UACC's portfolio and overall rising interest rates. Any future decreases on available advance rates may have an adverse impact on our liquidity.

### ***Enhance profitability at UACC***

In addition to higher credit losses, UACC's ability to achieve profitability has been negatively affected by increased operating expenses and productivity challenges. Also, we have identified vulnerabilities in certain IT systems and determined additional investment will be needed to update and secure those systems. We are undertaking a number of initiatives designed to reduce operating expenses, introduce improved processes, and reporting metrics across UACC's operations, invest in IT systems, improve origination and servicing productivity, and leverage CarStory data to improve underwriting and servicing performance. We intend to grow UACC's business profitably by reducing credit losses, increasing UACC's market share, and streamlining its operations.

### ***Ability to continue to access capital***

UACC has four Warehouse Credit Facilities, which are primarily used to finance the origination of finance receivables as well as to provide funding for general operating activities. UACC has also developed a securitization program that involves selling finance receivables to securitization trusts through the private issuance of asset-backed securities which are collateralized by the finance receivables.

The success of UACC's business is highly dependent on the ability to continue to access capital through both its warehousing arrangements and securitization program. As a result of high interest rates, the current inflationary environment and vehicle depreciation in the used automotive industry, UACC is experiencing higher loss severity. Certain advance rates available to UACC on borrowings from UACC's four senior secured warehouse credit facility agreements (the "Warehouse Credit Facilities") have decreased as a result of the increasing credit losses in UACC's portfolio and overall rising interest rates. Any future decreases on available advance rates may have an adverse impact on our liquidity. Currently, all four Warehouse Credit Facilities expire between June and September 2025. We have commenced discussions with our lenders to extend the terms beyond the current expiration dates and, consistent with prior periods, expect those facilities to be amended and renewed. We believe that our ability to eliminate our long-term debt obligations under the Notes in connection with the Prepackaged Chapter 11 Plan may support our position as we engage in these discussions with our Warehouse Credit Facilities lenders. However, there can be no assurance that adequate additional financing will be available to us on acceptable terms, or at all. See Part II, Item 1A Risk Factors—We may not generate sufficient liquidity to operate our business, and, UACC may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow its business.

In addition, due to UACC's increased credit losses, UACC may not be able to securitize its loan portfolio on favorable terms, or may not be able to sell the subordinate notes or residual certificates issued in its securitizations at a favorable price or at all. As a result of market conditions at the time, UACC retained the residual interests for the 2023-1 and 2024-1 securitization transactions.

### ***Ability to optimize our dealer network to increase vehicle finance offerings***

We intend to moderately grow our automotive financing business while focusing on achieving profitability. UACC will seek to optimize its dealer network over time. UACC provides funding that allows independent motor vehicle dealers and manufacturer-franchised dealers to finance vehicles for their customers. Currently, UACC serves a nationwide network of thousands of dealers in 49 states. UACC's credit programs are primarily designed to serve consumers in the non-prime market, who have limited access to traditional vehicle financing, although UACC intends to expand its offerings across a broader range of the credit spectrum going forward and has launched a pilot program for near-prime consumers. We also intend to drive dealer and customer engagement through technology innovations.

### ***Seasonality***

Used vehicle sales have historically been seasonal. The used vehicle industry typically experiences an increase in sales early in the calendar year and reaches its highest point late in the first quarter and early in the second quarter. Vehicle sales then level off through the rest of the year, with the lowest level of sales in the fourth quarter. This seasonality has historically corresponded with the timing of income tax refunds, which are an important source of funding for vehicle purchases. Consistent with market trends, UACC generally experiences increased funding activity during the first quarter through tax season. Delinquencies also tend to be lower during the first quarter through tax season and higher during the latter half of the year. See "Risk Factors—Risks Related to Our Financial Condition and Results of

Operations—We may experience seasonal and other fluctuations in our quarterly results of operations, which may not fully reflect the underlying performance of our business” in our Annual Report.

***Macroeconomic Factors***

Both the United States and global economies are experiencing a sustained inflationary environment and the Federal Reserve’s efforts to tame inflation have led to increased interest rates, which affects automotive finance rates and our borrowing rates, reducing discretionary spending and making vehicle financing more costly and less accessible to many consumers. In December 2023, the Federal Reserve announced that it expects to cut interest rates in 2024; in September 2024 they enacted the first interest rate cut by reducing benchmark rates by half a percentage point. It is too soon to know when and to what degree rates may be cut further and the impact it may have on the economy. Moreover, geopolitical conflicts and war, including those in Europe and the Middle East, have increased global economic and political uncertainty, which has caused dramatic fluctuations in global financial markets. A significant escalation or expansion of economic disruption could continue to impact consumer spending, broaden inflationary costs, and could have a material adverse effect on our results of operations. We will continue to actively monitor and develop responses to these disruptions, but depending on duration and severity, these trends could continue to negatively impact our business for the remainder of 2024.

## Results of Operations

The following table presents our consolidated results of operations for the periods indicated:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	\$ Change	2024	2023	\$ Change
Interest income	\$ 50,213	\$ 47,579	\$ 2,634	\$ 153,152	\$ 128,942	\$ 24,210
Interest expense:						
Warehouse credit facility	6,251	5,522	729	22,708	12,279	10,429
Securitization debt	9,096	6,116	2,980	21,960	16,442	5,518
Total interest expense	15,347	11,638	3,709	44,668	28,721	15,947
Net interest income	34,866	35,941	(1,075)	108,484	100,221	8,263
Realized and unrealized losses, net of recoveries	38,346	37,258	1,088	87,894	76,173	11,721
Net interest income after losses and recoveries	(3,480)	(1,317)	(2,163)	20,590	24,048	(3,458)
Noninterest income:						
Servicing income	1,495	2,430	(935)	5,101	7,835	(2,734)
Warranties and GAP income (loss), net	3,917	146	3,771	(4,347)	3,732	(8,079)
CarStory revenue	2,890	2,998	(108)	8,782	9,392	(610)
Gain on debt extinguishment	—	—	—	—	19,640	(19,640)
Other income	2,419	2,057	362	8,344	8,160	184
Total noninterest income	10,721	7,631	3,090	17,880	48,759	(30,879)
Expenses:						
Compensation and benefits	25,365	19,851	5,514	76,651	64,413	12,238
Professional fees	1,587	3,648	(2,061)	6,418	11,065	(4,647)
Software and IT costs	3,360	4,685	(1,325)	12,018	14,735	(2,717)
Depreciation and amortization	7,105	7,298	(193)	21,963	21,720	243
Interest expense on corporate debt	1,601	1,593	8	4,541	4,460	81
Impairment charges	2,407	—	2,407	5,159	—	5,159
Other expenses	3,436	3,861	(425)	12,853	13,631	(778)
Total expenses	44,861	40,936	3,925	139,603	130,024	9,579
Loss from continuing operations before provision for income taxes	(37,620)	(34,622)	(2,998)	(101,133)	(57,217)	(43,916)
Provision for income taxes from continuing operations	124	117	7	393	453	(60)
Net loss from continuing operations	\$ (37,744)	\$ (34,739)	\$ (3,005)	\$ (101,526)	\$ (57,670)	\$ (43,856)
Net loss from discontinued operations	\$ (1,999)	\$ (47,988)	\$ 45,989	\$ (27,024)	\$ (165,838)	\$ 138,814
Net loss	\$ (39,743)	\$ (82,727)	\$ 42,984	\$ (128,550)	\$ (223,508)	\$ 94,958

## Segments

- **UACC:** The UACC reportable segment represents UACC's operations with its network of third-party dealership customers, including the purchases and servicing of vehicle retail installment sales contracts. The segment also includes the runoff portfolio of retail installment sale contracts originated for Vroom or purchased from Vroom prior to the Ecommerce Wind-Down.
- **CarStory:** The CarStory reportable segment represents sales of AI-powered analytics and digital services to automotive dealers, automotive financial services companies and others in the automotive industry.

The Company retrospectively restated segment results for the comparative period to conform to the new presentation.

**Three Months Ended September 30, 2024 and 2023**
**UACC**

	Three Months Ended September 30,		Change	% Change
	2024	2023		
	(in thousands)			
Interest income	\$ 50,801	\$ 48,068	\$ 2,734	5.7%
Interest expense:				
Warehouse credit facility	6,251	5,522	729	13.2%
Securitization debt	9,096	6,116	2,980	48.7%
Total interest expense	15,347	11,638	3,709	31.9%
Net interest income	35,454	36,430	(975)	(2.7)%
Realized and unrealized losses, net of recoveries	30,117	30,323	(206)	(0.7)%
Net interest income after losses and recoveries	5,338	6,107	(769)	(12.6)%
Noninterest income:				
Servicing income	1,495	2,430	(935)	(38.5)%
Warranties and GAP income, net	2,074	1,487	587	39.5%
Other income	1,698	570	1,128	197.9%
Total noninterest income	5,267	4,487	780	17.4%
Expenses:				
Compensation and benefits	19,819	14,976	4,843	32.3%
Professional fees	875	986	(111)	(11.3)%
Software and IT costs	2,346	2,798	(452)	(16.2)%
Depreciation and amortization	5,505	5,689	(184)	(3.2)%
Interest expense on corporate debt	681	540	141	26.1%
Impairment charges	2,407	—	2,407	100.0%
Other expenses	1,991	1,666	325	19.5%
Total expenses	33,624	26,656	6,968	26.1%
Adjusted EBITDA	\$ (14,119)	\$ (9,780)	\$ (4,339)	44.4%
Interest income on cash and cash equivalents	\$ (548)	\$ (520)	(28)	5.4%
Stock compensation expense	\$ 834	\$ 572	262	45.9%
Severance	\$ 20	\$ —	20	100.0%

***Interest income***

UACC acquires and services finance receivables from its network of third-party dealership customers and generates interest income, which consists of discount income and interest income. Discount income represents the amortization of unearned discounts over the contractual life of the underlying finance receivables held for investment at fair value. Discounts on the finance receivables held-for-sale are deferred until they are sold.

For securitization transactions that are accounted for as secured borrowings, we recognize interest income in accordance with the terms of the related retail installment sale contracts. Interest income also includes the runoff portfolio of retail installment sale contracts originated for Vroom or purchased from Vroom prior to the Ecommerce Wind-Down.

For securitization transactions that are accounted as a sale of finance receivables in accordance with ASC Topic 860, Transfers and Servicing of Financial Assets ("ASC 860"), we recognize a gain on sale of finance receivables. There were no securitizations which were accounted for as sales in the periods presented.

Interest income increased \$2.7 million, or 5.7%, to \$50.8 million for the three months ended September 30, 2024 from \$48.1 million for the three months ended September 30, 2023. This increase was primarily a result of new originations, which increased the loan portfolio to \$850.6 million as of September 30, 2024 from \$800.5 million as of September 30, 2023. The increase in interest income was partially offset by lower amortization of discount income during the three months ended September 30, 2024 as a result of a lower balance of finance receivables held for investment measured at fair value, with discount being amortized, as compared to finance receivables held for sale with discount deferred until receivables are sold. The outstanding balance of finance receivables held for investment at fair value was \$210.0 million as of September 30, 2024, as compared to \$400.7 million as of September 30, 2023. The outstanding balance of finance receivables held for sale was \$640.6 million as of September 30, 2024, as compared to \$399.8 million as of September 30, 2023.

### ***Interest expense***

Interest expense primarily includes interest expense on UACC's Warehouse Credit Facilities, interest expense incurred on securitization debt, and interest expense on financing of beneficial interests in securitizations.

Interest expense increased \$3.7 million or 31.9% to \$15.3 million for the three months ended September 30, 2024 from \$11.6 million for the three months ended September 30, 2023, primarily as a result of higher interest expense incurred on the Warehouse Credit Facilities, which increased \$0.7 million to \$6.3 million for the three months ended September 30, 2024 from \$5.5 million for the three months ended September 30, 2023 as well as higher interest expense incurred on securitization debt, which increased \$3.0 million to \$9.1 million for the three months ended September 30, 2024 from \$6.1 million for the three months ended September 30, 2023. The increase of interest expense incurred on the Warehouse Credit Facilities is attributable to a higher outstanding balance of \$321.8 million as of September 30, 2024 as compared to \$294.7 million as of September 30, 2023, due to financing the larger finance receivable portfolio, partially offset by a decrease in the weighted average interest rates, which decreased from 7.23% to 6.97%. The increase of interest expense incurred on securitization debt is attributable to a higher outstanding balance of \$410.1 million as of September 30, 2024 as compared to \$361.9 million as of September 30, 2023 as well as overall higher interest rates as securitization debt interest rates are fixed.

### ***Realized and unrealized losses, net of recoveries***

Realized and unrealized losses, net of recoveries, primarily represents charge-offs of finance receivables held-for-sale, changes in the fair value of finance receivables for which the fair value option was selected under ASC 825, changes in the valuation allowance on the held-for-sale portfolio, changes in the fair value of securitization debt accounted in accordance with the measurement alternative under ASC 810-30, changes in the fair value of beneficial interest, as well as collection expenses related to servicing finance receivables.

Realized and unrealized losses, net of recoveries, decreased slightly by \$0.2 million or 0.7% to \$30.1 million for the three months ended September 30, 2024 from \$30.3 million for the three months ended September 30, 2023.

### ***Servicing income***

Servicing income primarily represents the annual fees earned as a percentage of the outstanding principal balance of the finance receivables sold that were accounted for as off-balance sheet securitizations. When our securitizations are accounted for as secured borrowings, the servicing income we receive is eliminated in consolidation. In addition, we also earn other income generated from servicing our finance receivables portfolio, including late and other fees.

Servicing income decreased by \$0.9 million or 38.5% to \$1.5 million for the three months ended September 30, 2024 from \$2.4 million for the three months ended September 30, 2023, primarily driven by a lower balance of the 2022-1 securitization, which is accounted for as an off-balance sheet securitization.

### ***Warranties and GAP income***

UACC earns fees by selling third-party value-added products, such as vehicle service contracts. UACC is also contractually entitled to receive profit-sharing based on the performance of the vehicle service contract policies once a required claims period has passed. UACC recognizes a profit-share to the extent it is probable that it will not result in a

significant revenue reversal. The Company estimates the revenue based on historical claims and cancellation data from its consumers, as well as other qualitative assumptions.

United Auto Credit GAP is a debt waiver product that provides protection for consumers who purchase the product by waiving the difference between the actual cash value of the consumer's vehicle and the balance of the consumer's finance receivable, subject to the terms and conditions of the United Auto Credit GAP, in the event of a total loss resulting from collision or theft. The total fees are earned over the contractual life of the related financial receivables on straight-line basis.

Warranties and GAP income increased by \$0.6 million or 39.5% to \$2.1 million for the three months ended September 30, 2024 as compared to \$1.5 million for the three months ended September 30, 2023 primarily as a result of a revised estimate of proceeds we expect to recover.

***Other income***

Other income increased \$1.1 million or 197.9% to \$1.7 million for the three months ended September 30, 2024 from \$0.6 million for the three months ended September 30, 2023, primarily driven by higher income related to acquisition fees for originations of finance receivables at fair value, which is recognized in the period the finance receivable is originated.

***Compensation and benefits***

Compensation and benefits increased \$4.8 million or 32.3% to \$19.8 million for the three months ended September 30, 2024 from \$15.0 million for the three months ended September 30, 2023. The increase was primarily a result of retention bonuses granted to retain key employees and a decrease in deferred acquisition costs as a result of accounting for the origination of all new finance receivables at fair value, with acquisition costs being expensed in the period incurred rather than deferred.

***Professional fees***

Professional fees decreased slightly by \$0.1 million or 11.3% to \$0.9 million for the three months ended September 30, 2024 from \$1.0 million for the three months ended September 30, 2023.

***Software and IT costs***

Software and IT costs decreased \$0.5 million or 16.2% to \$2.3 million for the three months ended September 30, 2024 from \$2.8 million for the three months ended September 30, 2023, primarily as a result of more efficient targeted software use as well as renegotiating and right-sizing our Software and IT contracts.

***Impairment charges***

Impairment charges increased \$2.4 million related to lease impairment charges incurred during the three months ended September 30, 2024.

***Other expenses***

Other expenses increased \$0.3 million or 19.5% to \$2.0 million for the three months ended September 30, 2024 from \$1.7 million for the three months ended September 30, 2023, primarily as a result of a decrease in deferred acquisition costs as a result of accounting for the origination of all new finance receivables at fair value, with acquisition costs being expensed in the period incurred rather than deferred, and an increase in dealer equity program expense.

***Adjusted EBITDA***

Adjusted EBITDA loss increased \$4.3 million to \$14.1 million for the three months ended September 30, 2024 from \$9.8 million for the three months ended September 30, 2023, primarily as a result of the \$2.0 million increase in expenses after EBITDA adjustments, including compensation and benefits, professional fees, and other expenses, as discussed above.



## ***CarStory***

	Three Months Ended September 30,		Change	% Change
	2024	2023		
(in thousands)				
<b>Noninterest income:</b>				
CarStory revenue	\$ 2,890	\$ 2,998	\$ (108)	(3.6)%
Other income	199	141	58	41.1%
<b>Total noninterest income</b>	<b>3,089</b>	<b>3,139</b>	<b>(50)</b>	<b>(1.6)%</b>
<b>Expenses:</b>				
Compensation and benefits	3,127	2,328	799	34.3%
Professional fees	(112)	71	(183)	(257.7)%
Software and IT costs	17	170	(153)	(90.0)%
Depreciation and amortization	1,600	1,609	(9)	(0.6)%
Other expenses	127	161	(34)	(21.1)%
<b>Total expenses</b>	<b>4,759</b>	<b>4,339</b>	<b>420</b>	<b>9.7%</b>
<b>Adjusted EBITDA</b>	<b>\$ (210)</b>	<b>\$ 536</b>	<b>\$ (746)</b>	<b>(139.2)%</b>
Interest income on cash and cash equivalents	\$ (198)	\$ (141)	(57)	40.4%
Stock compensation expense	\$ 59	\$ 268	(210)	(78.2)%

### ***CarStory revenue***

CarStory generates advertiser, publisher and other user service revenue by offering its AI-powered analytics and digital retailing services to dealers, automotive financial services companies and others in the automotive industry, which use CarStory's solutions to enhance their customer experience and drive increased vehicle purchases.

CarStory revenue decreased \$0.1 million or 3.6% to \$2.9 million for the three months ended September 30, 2024 from \$3.0 million for the three months ended September 30, 2023, primarily as a result of a change in the scope of service and data provided to our customers.

### ***Adjusted EBITDA***

Adjusted EBITDA decreased \$0.7 million or 139.2% to \$0.2 million for the three months ended September 30, 2024 as compared to \$0.5 million for the three months ended September 30, 2023.

## Corporate

	Three Months Ended September 30,		Change	% Change
	2024	2023		
	(in thousands)			
Interest income	\$ (588)	\$ (489)	\$ (100)	20.5%
Realized and unrealized losses, net of recoveries	8,229	6,935	1,294	18.7%
Net interest income after losses and recoveries	(8,818)	(7,424)	(1,394)	18.8%
Noninterest income:				
Warranties and GAP income (loss), net	\$ 1,843	\$ (1,341)	\$ 3,184	237.4%
Other income	522	1,346	(824)	(61.2)%
Total noninterest income	2,365	5	2,360	47,200.0%
Expenses:				
Compensation and benefits	2,419	2,547	(128)	(5.0)%
Professional fees	824	2,591	(1,767)	(68.2)%
Software and IT costs	997	1,717	(720)	(41.9)%
Interest expense on corporate debt	920	1,053	(133)	(12.6)%
Other expenses	1,318	2,034	(716)	(35.2)%
Total expenses	6,478	9,941	(3,463)	(34.8)%
Adjusted EBITDA	\$ (11,205)	\$ (16,715)	\$ 5,510	33.0%
Interest income on cash and cash equivalents	\$ (289)	\$ (1,346)	1,057	78.5%
Stock compensation expense	\$ 351	\$ 939	(587)	(62.6)%
Severance	\$ 743	\$ —	743	100.0%

Corporate activities do not constitute a reportable segment. These activities include costs not directly attributable to the segments and are primarily related to costs associated with corporate and governance functions, including executive functions, corporate finance, legal, human resources, information technology, cyber security and other shared costs. Certain shared costs, including corporate administration, are allocated to segments based upon a specific allocation of expenses. Corporate activities also include the runoff of legacy Vroom warranty and GAP policies sold prior to the Ecommerce Wind-Down as well as certain Vroom contracts, primarily Software and IT related, that have been renegotiated and right-sized to account for reduced headcount following the Ecommerce Wind-down. Adjusted EBITDA loss of \$11.2 million for the three months ended September 30, 2024 is comprised of a loss of \$8.5 million related to runoff of the legacy Vroom related items and ongoing contracts, and a loss of \$2.7 million related to public company expenses.

### Warranties and GAP income (loss), net

Prior to the Ecommerce Wind-Down, we offered value-added products to our customers pursuant to arrangements with the third parties that sell and administer these products as well as estimated profit-sharing amounts to which we are entitled based on the performance of third-party protection products once a required claims period has passed. A portion of the fees we received are subject to chargeback in the event of early termination, default, or prepayment of the contracts by our customers. Warranties and GAP income, net, recorded within Corporate, relates to the runoff of policies sold prior to the Ecommerce Wind-Down.

See “Note 3—Revenue Recognition” to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Warranties and GAP income increased \$3.2 million or 237.4% to income of \$1.8 million for the three months ended September 30, 2024 from a loss of \$1.3 million for the three months ended September 30, 2023, primarily as a result of a revised estimate of proceeds we expect to recover.

**Other income**

Other income primarily represents interest earned on cash and cash equivalents. Other income decreased \$0.8 million or 61.2% to \$0.5 million for the three months ended September 30, 2024 from \$1.3 million for the three months ended September 30, 2023, primarily driven by lower cash and cash equivalent balances and lower interest rates earned on cash and cash equivalents.

**Compensation and benefits**

Compensation and benefits expense decreased \$0.1 million or 5.0% to \$2.4 million for the three months ended September 30, 2024 from \$2.5 million for the three months ended September 30, 2023, primarily as a result of severance expense related to the departure of certain executives and retention bonuses granted to retain key employees subsequent to the Ecommerce Wind-Down.

**Professional fees**

Professional fees decreased \$1.8 million or 68.2% to \$0.8 million for the three months ended September 30, 2024 from \$2.6 million for the three months ended September 30, 2023, primarily as a result of reduced audit, legal, and consulting fees as a result of the reduced size of the business.

**Software and IT costs**

Software and IT costs decreased \$0.7 million or 41.9% to \$1.0 million for the three months ended September 30, 2024 from \$1.7 million for the three months ended September 30, 2023, primarily as a result of more efficient targeted software use as well as renegotiating and right-sizing our Software and IT contracts.

**Other expenses**

Other expenses decreased \$0.7 million or 35.2% to \$1.3 million for the three months ended September 30, 2024 from \$2.0 million for the three months ended September 30, 2023, primarily related to a decrease in public company related insurance costs as we renegotiated our insurance policies during the third quarter of 2023 and 2024 as a result of the reduced scale of the business.

**Nine Months Ended September 30, 2024 and 2023**
**UACC**

	Nine Months Ended September 30,		Change	% Change
	2024	2023		
	(in thousands)			
Interest income	\$ 154,731	\$ 130,897	\$ 23,834	18.2%
Interest expense:				
Warehouse credit facility	22,708	12,279	10,429	84.9%
Securitization debt	21,960	16,442	5,518	33.6%
Total interest expense	44,668	28,721	15,947	55.5%
Net interest income	110,063	102,176	7,887	7.7%
Realized and unrealized losses, net of recoveries	77,460	62,980	14,479	23.0%
Net interest income after losses and recoveries	32,604	39,196	(6,592)	(16.8)%
Noninterest income:				
Servicing income	5,101	7,835	(2,734)	(34.9)%
Warranties and GAP income, net	5,324	5,168	156	3.0%
Other income	6,266	2,601	3,665	140.9%
Total noninterest income	16,691	15,604	1,087	7.0%
Expenses:				
Compensation and benefits	59,146	49,904	9,242	18.5%
Professional fees	2,326	4,555	(2,229)	(48.9)%
Software and IT costs	8,048	8,478	(430)	(5.1)%
Depreciation and amortization	17,156	16,898	258	1.5%
Interest expense on corporate debt	1,781	1,173	608	51.8%
Impairment charges	5,159	—	5,159	100.0%
Other expenses	7,569	5,927	1,642	27.7%
Total expenses	101,186	86,935	14,251	16.4%
Adjusted EBITDA	\$ (27,091)	\$ (13,956)	\$ (13,135)	94.1%
Interest income on cash and cash equivalents	\$ (1,676)	\$ (1,474)	(202)	13.7%
Stock compensation expense	\$ 1,867	\$ 1,580	287	18.2%
Severance	\$ 513	\$ —	513	100.0%

***Interest income***

Interest income increased \$23.8 million, or 18.2%, to \$154.7 million for the nine months ended September 30, 2024 from \$130.9 million for the nine months ended September 30, 2023. This increase was primarily a result of new originations and the consolidation of our 2022-2 securitization, which increased the loan portfolio to \$850.6 million as of September 30, 2024 from \$800.5 million as of September 30, 2023. The increase in interest income was partially offset by lower discount income during the nine months ended September 30, 2024 as a result of a smaller balance of finances receivables held for investment measured at fair value, with discount being amortized, as compared to finance receivables held for sale with discount deferred until receivables are sold. The outstanding balance of finance receivables held for investment at fair value was \$210.0 million as of September 30, 2024, as compared to \$400.7 million as of September 30,

2023. The outstanding balance of finance receivables held for sale was \$640.6 million as of September 30, 2024, as compared to \$399.8 million as of September 30, 2023.

#### **Interest expense**

Interest expense increased \$15.9 million or 55.5% to \$44.7 million for the nine months ended September 30, 2024 from \$28.7 million for the nine months ended September 30, 2023, primarily as a result of higher interest expense incurred on the Warehouse Credit Facilities, which increased \$10.4 million to \$22.7 million for the nine months ended September 30, 2024 from \$12.3 million for the nine months ended September 30, 2023. The increase is attributable to a higher outstanding balance of \$321.8 million as of September 30, 2024 as compared to \$294.7 million as of September 30, 2023, due to financing the larger finance receivable portfolio. The increase in interest expense is also partially attributable to higher interest expense incurred on securitization debt, which increased \$5.5 million to \$22.0 million for the nine months ended September 30, 2024 from \$16.4 million for the nine months ended September 30, 2023, as a result of a higher outstanding balance for securitization debt of \$410.1 million as of September 30, 2024 as compared to \$361.9 million as of September 30, 2023, as well as overall higher interest rates.

#### **Realized and unrealized losses, net of recoveries**

Realized and unrealized losses, net of recoveries, increased \$14.5 million or 23.0% to \$77.5 million for the nine months ended September 30, 2024 from \$63.0 million for the nine months ended September 30, 2023. This increase was primarily driven by an increase in realized and unrealized losses on finance receivables as a result of a larger finance receivable portfolio, due to new originations as well as the consolidation of the 2022-2 securitization, which was previously off- balance sheet, as well as higher credit losses as of September 30, 2024 as compared to September 30, 2023.

#### **Servicing income**

Servicing income decreased by \$2.7 million or 34.9% to \$5.1 million for the nine months ended September 30, 2024 from \$7.8 million for the nine months ended September 30, 2023, primarily driven by a lower balance of the 2022-1 securitization, which is off-balance sheet.

#### **Warranties and GAP income**

Warranties and GAP income increased by \$0.2 million or 3.0% to \$5.3 million for the nine months ended September 30, 2024 from \$5.2 million for the nine months ended September 30, 2023.

#### **Other Income**

Other income increased \$3.7 million or 140.9% to \$6.3 million for the nine months ended September 30, 2024 from \$2.6 million for the nine months ended September 30, 2023, primarily driven by higher income related to acquisition fees for originations of finance receivables at fair value, which is recognized in the period the finance receivable is originated.

#### **Compensation and benefits**

Compensation and benefits increased \$9.2 million or 18.5% to \$59.1 million for the nine months ended September 30, 2024 from \$49.9 million for the nine months ended September 30, 2023. The increase was primarily a result of the following: retention bonuses granted to retain key employees; allocation of incremental data and technology departments' time to UACC as a result of a shift in focus of the business; severance expense related to the termination of certain UACC employees; and a decrease in deferred acquisition costs as a result of accounting for the origination of all new finance receivables at fair value, with acquisition costs being expensed in the period incurred rather than deferred.

#### **Professional fees**

Professional fees decreased \$2.2 million or 48.9% to \$2.3 million for the nine months ended September 30, 2024 from \$4.6 million for the nine months ended September 30, 2023, primarily as a result of additional professional fees incurred during the first quarter of 2023 as a result of the completion of the 2023-1 securitization transaction, as the 2023-1 securitization debt is carried at fair value the associated debt issuance costs were expensed as incurred. As the 2024-1

securitization debt is carried at amortized costs, the associated debt issuance costs are capitalized and amortized over the life of the debt.

### Impairment charges

Impairment charges increased \$5.2 million related to impairment of capitalized internal-use software that no longer has a planned future use of \$2.7 million as well as lease impairment charges of \$2.4 million.

### Other expenses

Other expenses increased \$1.6 million or 27.7% to \$7.6 million for the nine months ended September 30, 2024 from \$5.9 million for the nine months ended September 30, 2023, primarily as a result of a loss on the repurchase of the non-investment grade securities related to the 2022-2 securitization transaction, a decrease in deferred acquisition costs as a result of accounting for the origination of all new finance receivables at fair value, with acquisition costs being expensed in the period incurred rather than deferred, and an increase in dealer equity program expense.

### Adjusted EBITDA

Adjusted EBITDA loss increased \$13.1 million to \$27.1 million for the nine months ended September 30, 2024 from \$14.0 million for the nine months ended September 30, 2023, primarily as a result of the \$6.6 million decrease in net interest income after losses and recoveries and the \$8.0 million increase in expenses after EBITDA adjustments, including compensation and benefits, professional fees, impairment charges, and other expenses, as discussed above.

### CarStory

	Nine Months Ended September 30,		Change	% Change
	2024	2023		
	(in thousands)			
<b>Noninterest income:</b>				
CarStory revenue	\$ 8,782	\$ 9,392	\$ (610)	(6.5)%
Other income	562	282	280	99.3%
Total noninterest income	9,344	9,674	(330)	(3.4)%
<b>Expenses:</b>				
Compensation and benefits	7,802	7,149	653	9.1%
Professional fees	90	361	(271)	(75.2)%
Software and IT costs	205	515	(310)	(60.2)%
Depreciation and amortization	4,807	4,822	(15)	(0.3)%
Other expenses	300	462	(162)	(35.1)%
Total expenses	13,203	13,308	(105)	(0.8)%
Adjusted EBITDA	\$ 720	\$ 1,738	\$ (1,018)	(58.6)%
Interest income on cash and cash equivalents	\$ (561)	\$ (275)	(286)	103.9%
Stock compensation expense	\$ 334	\$ 825	(490)	(59.5)%

### CarStory revenue

CarStory revenue decreased \$0.6 million or 6.5% to \$8.8 million for the nine months ended September 30, 2024 from \$9.4 million for the nine months ended September 30, 2023, primarily as a result of a change in the scope of service and data provided to our customers.

### Adjusted EBITDA

Adjusted EBITDA decreased \$1.0 million or 58.6% to \$0.7 million for the nine months ended September 30, 2024 as compared to \$1.7 million for the nine months ended September 30, 2023.

## **Corporate**

	Nine Months Ended September 30,		Change	% Change
	2024	2023		
	(in thousands)			
Interest income	\$ (1,579)	\$ (1,955)	\$ 376	19.2%
Realized and unrealized losses, net of recoveries	10,434	13,192	(2,758)	(20.9)%
Net interest income after losses and recoveries	(12,013)	(15,148)	3,134	20.7%
Noninterest (loss) income:				
Warranties and GAP loss, net	(9,671)	(1,436)	\$ (8,235)	573.5%
Gain on debt extinguishment	—	19,640	(19,640)	(100.0)%
Other income	1,516	5,277	(3,761)	(71.3)%
Total noninterest (loss) income	(8,155)	23,481	(31,636)	(134.7)%
Expenses:				
Compensation and benefits	9,703	7,360	2,342	31.8%
Professional fees	4,002	6,149	(2,148)	(34.9)%
Software and IT costs	3,765	5,742	(1,977)	(34.4)%
Interest expense on corporate debt	2,760	3,287	(527)	(16.0)%
Other expenses	4,984	7,242	(2,259)	(31.2)%
Total expenses	25,213	29,781	(4,568)	(15.3)%
Adjusted EBITDA	\$ (38,858)	\$ (40,358)	\$ 1,500	3.7%
Interest income on cash and cash equivalents	\$ (984)	\$ (5,276)	4,292	81.3%
Stock compensation expense	\$ 2,812	\$ 2,722	91	3.3%
Severance	\$ 1,935	\$ —	1,935	100.0%

Adjusted EBITDA loss of \$38.9 million for the nine months ended September 30, 2024 is comprised of a loss of \$31.9 million related to runoff of the legacy Vroom related items and ongoing contracts, and a loss of \$7.0 million related to public company expenses.

### ***Warranties and GAP loss, net***

Warranties and GAP loss, net, increased \$8.2 million to \$9.7 million for the nine months ended September 30, 2024 from \$1.4 million for the nine months ended September 30, 2023, primarily as a result of a revised estimate of proceeds we expect to recover.

### ***Gain on debt extinguishment***

Gain on debt extinguishment represents a gain of \$19.6 million for the nine months ended September 30, 2023, related to the repurchase of \$32.8 million in aggregate principal balance of the Notes, net of deferred issuance costs, for \$13.2 million.

### ***Other income***

Other income decreased \$3.8 million or 71.3% to \$1.5 million for the nine months ended September 30, 2024 from \$5.3 million for the nine months ended September 30, 2023, primarily driven by lower cash and cash equivalent balances and lower interest rates earned on cash and cash equivalents.

### ***Compensation and benefits***

Compensation and benefits expense increased \$2.3 million or 31.8% to \$9.7 million for the nine months ended September 30, 2024 from \$7.4 million for the nine months ended September 30, 2023, primarily as a result of severance



expense related to the departure of certain executives and retention bonuses granted to retain key employees subsequent to the Ecommerce Wind-Down.

**Professional fees**

Professional fees decreased \$2.1 million or 34.9% to \$4.0 million for the nine months ended September 30, 2024 from \$6.1 million for the nine months ended September 30, 2023, primarily as a result of reduced audit, legal, and consulting fees as a result of the reduced size of the business.

**Software and IT costs**

Software and IT costs decreased \$2.0 million or 34.4% to \$3.8 million for the nine months ended September 30, 2024 from \$5.7 million for the nine months ended September 30, 2023, primarily as a result of more efficient targeted software use as well as renegotiating and right-sizing our Software and IT contracts.

**Other expenses**

Other expenses decreased \$2.3 million or 31.2% to \$5.0 million for the nine months ended September 30, 2024 from \$7.2 million for the nine months ended September 30, 2023, primarily related to a decrease in public company related insurance costs as we renegotiated our insurance policies during the third quarter of 2023 and 2024 as a result of the reduced scale of the business.

**Liquidity and Capital Resources**

As of September 30, 2024, we had cash and cash equivalents of \$51.1 million and restricted cash of \$47.1 million. Restricted cash primarily includes restricted cash required under UACC's securitization transactions and Warehouse Credit Facilities of \$46.2 million. Prior to the Ecommerce Wind-Down, our primary source of liquidity was cash generated through financing activities. Additionally, we had excess borrowing capacity of \$32.9 million under UACC's Warehouse Credit Facilities as of September 30, 2024.

As a result of the liquidation of our vehicle inventory as part of the Ecommerce Wind-Down, we repaid all amounts outstanding under the 2022 Vehicle Floorplan Facility in full and the agreement has been terminated.

We expect to use our cash and cash equivalents to finance our future capital requirements and UACC's Warehouse Credit Facilities to fund our finance receivables. Certain advance rates available to UACC on borrowings from the Warehouse Credit Facilities have decreased as a result of the increased credit losses in UACC's portfolio and overall rising interest rates. Any future decreases on available advance rates may have an adverse impact on our liquidity.

UACC relies on borrowings under senior secured warehouse credit facilities to finance the origination of finance receivables as well as to provide funding for general operating activities. The terms of those facilities generally mature within two years and we typically renew those facilities in the ordinary course. UACC currently has four Warehouse Credit Facilities, all of which have terms expiring between June and September 2025. See Note 9, Warehouse Credit Facilities and Consolidated VIEs, to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q. We have commenced discussions with our lenders under the Warehouse Credit Facilities regarding amended facilities that would extend the terms beyond the current expiration dates and, consistent with prior periods, expect those facilities to be amended and renewed. However, there can be no assurance that adequate additional financing will be available to us on acceptable terms, or at all. Failure to secure warehouse borrowing capacity beyond the expiration of the current facilities in 2025 would have a material adverse effect on our ability to finance UACC's lending operations and our results of operations and liquidity.

If we undergo a fundamental change under the terms of our Indenture, holders of the Notes could, subject to certain conditions, require us to immediately repurchase for cash all or any portion of the Notes at a repurchase price equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest. The delisting of the Company's common stock from the Nasdaq Global Select Market would constitute a fundamental change under the terms of an indenture between us and U.S. Bank National Association, as trustee (the "Indenture").

Nasdaq maintains several standards for continued listing of our common stock on the Nasdaq Global Select Market. There can be no assurance that we will continue to meet such standards and maintain our listing. For example,

under the “equity standard”, the Company is required to have stockholders’ equity of at least \$10 million, among other requirements. Under the “total asset standard”, the market value of the Company’s publicly held shares must be at least \$15 million, among other requirements. Only one standard has to be met to comply with Nasdaq requirements. We currently meet the “total asset standard”, however, there can be no assurance that we will continue to do so, or that we will be able to satisfy any other standard. If we are not able to satisfy a continued listing requirement from Nasdaq and our common stock is delisted, we will be required to repurchase the Notes prior to maturity, as discussed above. Moreover, we may be delisted by Nasdaq due to the anticipated Prepackaged Chapter 11 Case, and we may be unable to relist on Nasdaq or another national securities exchange.

As of September 30, 2024, and as of the date of issuance of this Quarterly Report on Form 10-Q, we do not have sufficient liquidity to repurchase the Notes in the event of a fundamental change and would be required to seek financing. Such financing may not be available to us on favorable terms, or at all.

On November 12, 2024, we announced our entry into the RSA and our intention to commence the Prepackaged Chapter 11 Case. The RSA contemplates and the Plan proposes that, upon effectiveness, each holder of an Allowed Unsecured Notes Claim (as defined therein) will receive, in full and final satisfaction, settlement, discharge and release of, and in exchange for, its Allowed Unsecured Notes Claim, its pro rata share of 92.94% of the New Common Stock (subject to dilution by the New Warrants, the MIP, and the Post-Effective Date Equity Awards, all terms as defined therein). One of the intended goals of the Prepackaged Chapter 11 Case is for stockholders to retain value in our business, and to restore confidence in the long-term sustainability of our operating segments. On the effective date of the Plan, all notes, instruments, certificates, and other documents evidencing Unsecured Notes Claims will be canceled and/or updated to record such cancellation and the obligations of the Debtor thereunder or in any way related thereto will be deemed satisfied in full and discharged.

The filing of the Prepackaged Chapter 11 Case will trigger an event of default, resulting in the immediate acceleration of the Company’s obligations to pay principal and interest under the Indenture. The Indenture provides that, as a result of the filing such as the anticipated Prepackaged Chapter 11 Case, the principal, premium, if any, accrued and unpaid interest and any other monetary obligations due thereunder will be immediately due and payable. However, any enforcement of such payment obligations will be stayed as a result of the filing of the Prepackaged Chapter 11 Case and subject to the applicable provisions of the Bankruptcy Code. The Plan contemplates the termination of the Indenture.

As discussed herein, the consummation of the Plan is subject to numerous conditions and the Plan may not be consummated, including if the Prepackaged Chapter 11 Case is not commenced for any reason. Accordingly, no assurance can be given that the transactions described herein will be consummated on the expected terms, if at all. Refer to Note 1 — Description of Business and Basis of Presentation of our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, for further discussion.

While we continue to meet our obligations to customers, vendors, counterparties and employees in the ordinary course of business, there is substantial doubt about our ability to continue as a going concern due to the anticipated Prepackaged Chapter 11 Case. While the financial statements have been prepared on a going concern basis, these uncertainties raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is contingent upon our plans, which include, among other things, our ability to, subject to the approval by the Bankruptcy Court, implement a comprehensive restructuring and successfully emerge from the anticipated Prepackaged Chapter 11 Case. The unaudited condensed consolidated financial statements located elsewhere in this Quarterly Report on Form 10-Q have been prepared on the basis that we will continue to operate as a going concern, which contemplates that we will be able to realize assets and settle liabilities and commitments in the normal course of business for twelve months following the issuance date.

Despite the anticipated Chapter 11 filing, the Company retains sufficient liquidity, with approximately \$51.1 million of unrestricted cash on its Condensed Consolidated Balance Sheet as of September 30, 2024, and it continues to meet its obligations to customers, vendors, counterparties and employees in the ordinary course of business.

### **Convertible Senior Notes**

On June 18, 2021, we issued \$625.0 million aggregate principal amount of the Convertible Senior Notes due 2026 (the “Notes”) pursuant to the Indenture.

The Notes bear interest at a rate of 0.75% per annum, payable semiannually in arrears on January 1 and July 1 of each year, beginning on January 1, 2022. The Notes will mature on July 1, 2026, subject to earlier repurchase, redemption or conversion. The total net proceeds from the offering, after deducting commissions paid to the initial purchasers and debt issuance costs, were approximately \$608.9 million. During the nine months ended September 30, 2024, the conditions allowing holders of the Notes to convert were not met.

As of September 30, 2024, \$287.9 million aggregate principal amount of the Notes remain outstanding, net of deferred issuance costs of \$2.6 million. Refer to Note 10 — Long Term Debt of our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, for further discussion.

### ***Securitization Transactions***

Subject to market conditions, we plan to sell finance receivables originated by UACC through asset-backed securitization transactions. During the second quarter of 2024, UACC completed the 2024-1 securitization transaction, in which it sold approximately \$300.0 million of rated asset-backed securities in an auto finance receivable securitization transaction from a securitization trust, established and sponsored by UACC for proceeds of \$297.2 million. The trust is collateralized by finance receivables with an aggregate principal balance of \$380.1 million as of April 30, 2024. These finance receivables are serviced by UACC. As a result of market conditions, UACC retained the residual interests, which required us to account for the 2024-1 securitization as secured borrowings and remain on balance sheet pending the sale of such retained interests. We also repurchased \$4.2 million of the non-investment grade securities related to the 2022-2 securitization transaction for \$4.8 million.

In 2023, UACC sold investment and non-investment grade rated asset-backed securities in the 2023-1 securitization transaction for proceeds of \$260.9 million. The securitization trust is collateralized by finance receivables with an aggregate principal balance of \$326.4 million as of January 31, 2023. As a result of market conditions at the time, which led to unfavorable pricing, UACC retained the residual interests, and we accounted for the 2023-1 securitization transaction as secured borrowings.

Finance receivables are serviced by UACC. UACC retains at least 5% of the notes and residual certificates sold as required by applicable risk retention rules and generally uses the proceeds of the securitization transactions to pay down outstanding debt under its Warehouse Credit Facilities.

As a result of high interest rates, the current inflationary environment and vehicle depreciation in the used automotive industry, UACC is experiencing higher loss severity. The increased loss severity could lead to reduced servicing income if UACC elects to waive monthly servicing fees going forward as it did in the first quarter of 2023. The waiver of monthly servicing fees related to the 2022-2 securitization transaction resulted in consolidation of the related finance receivables and securitization debt on our financial statements.

Refer to Note 4 — Variable Interest Entities and Securitizations to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, for further discussion.

### ***UACC Risk Retention Financing Facility***

On May 3, 2023, UACC entered into a Risk Retention Financing Facility enabling it to finance a portion of the asset-backed securities issued in its securitization transactions and held by UACC pursuant to applicable risk retention rules. Under this facility, UACC sells such retained interests and agrees to repurchase them at fair value on a future date. In its initial transaction under this facility, UACC pledged \$24.5 million of its retained beneficial interests as collateral, and received proceeds of \$24.1 million, with expected repurchase dates ranging from March 2025 to September 2029. The securitization trusts will distribute payments related to UACC's pledged beneficial interests in securitizations directly to the lenders, which will reduce the beneficial interests in securitizations and the related debt balance.

During the second quarter of 2024, UACC pledged an additional \$15.8 million of its retained beneficial interest in the 2024-1 securitization transaction as collateral under the Risk Retention Financing Facility, and received proceeds of \$15.6 million, with expected repurchase dates ranging from August 2026 to November 2030 at the initial closing date.

### Warehouse Credit Facilities

UACC has four senior secured warehouse credit facility agreements the (“Warehouse Credit Facilities”) with banking institutions. The Warehouse Credit Facilities are collateralized by eligible finance receivables and available borrowings are computed based on a percentage of eligible finance receivables.

The aggregate borrowing limit is \$825.0 million with maturities between June 2025 and September 2025. As of September 30, 2024, outstanding borrowings related to the Warehouse Credit Facilities were \$321.8 million and we were in compliance with all covenants under the terms of the Warehouse Credit Facilities. Failure to satisfy these and or any other requirements contained within the agreements would restrict access to the Warehouse Credit Facilities and could have a material adverse effect on our financial condition, results of operations and liquidity. Certain breaches of covenants may also result in acceleration of the repayment of borrowings prior to the scheduled maturity. Refer to Note 9 — Warehouse Credit Facilities of Consolidated VIEs to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, for further discussion.

### Cash Flows from Operating, Investing, and Financing Activities

The following table summarizes our cash flows for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,	
	2024	2023
	(in thousands)	
Net cash used in operating activities from continuing operations	\$ (154,154)	\$ (356,826)
Net cash provided by investing activities from continuing operations	92,059	147,069
Net cash provided by financing activities from continuing operations	7,450	169,760
Net cash provided by (used in) operating activities from discontinued operations	79,257	(68,805)
Net cash provided by (used in) investing activities from discontinued operations	15,908	(9,627)
Net cash used in financing activities from discontinued operations	(151,178)	(64,502)
Net decrease in cash, cash equivalents and restricted cash	(110,658)	(182,931)
Cash and cash equivalents and restricted cash at beginning of period	208,819	472,010
Cash and cash equivalents and restricted cash at end of period	\$ 98,161	\$ 289,079

### Operating Activities

Net cash flows used in operating activities from continuing operations decreased by \$202.6 million, from \$356.8 million for the nine months ended September 30, 2023 to \$154.2 million for the nine months ended September 30, 2024. The decrease was primarily due to a \$97.8 million decrease in originations of finance receivables held for sale, as a result of no longer originating loans for legacy Vroom customers, an increase in principal payments received on finance receivables held for sale of \$62.0 million, a \$31.1 million improvement in net loss from continuing operations after reconciling adjustments, and changes in working capital of \$9.8 million.

### Investing Activities

Net cash flows provided by investing activities from continuing operations decreased by \$55.0 million, from \$147.1 million for the nine months ended September 30, 2023 to \$92.1 million for the nine months ended September 30, 2024. The decrease is primarily due to a \$44.4 million decrease in principal payments received on finance receivables at fair value as well as the consolidation of the 2022-2 securitization transaction which resulted in a cash inflow of \$11.4 million during the nine months ended September 30, 2023.

### Financing Activities

Net cash flows provided by financing activities from continuing operations decreased \$162.3 million, from \$169.8 million for the nine months ended September 30, 2023 to \$7.5 million for the nine months ended September 30, 2024. The decrease was primarily related to a \$162.5 million decrease in net cashflows related to our Warehouse Credit Facilities, as a result of less borrowings and higher repayments following the 2024-1 securitization transaction and a \$12.9 million decrease in net cashflows from financing of beneficial interests in securitizations. These decreases were partially offset by \$13.2 million in repurchases of the Notes during the nine months ended September 30, 2023.

## **Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of condensed consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue, and expenses and related disclosures. On an ongoing basis, we evaluate our estimates, including, among others, those related to finance receivables, income taxes, stock-based compensation, contingencies, warranties and GAP income-related reserves, fair value measurements and useful lives of property and equipment and intangible assets. We base our estimates on historical experience, market conditions and on various other assumptions that are believed to be reasonable. Actual results may differ from these estimates.

The critical accounting policies that reflect our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements include those described in Note 2—Summary of Significant Accounting Policies and Note 3—Revenue Recognition to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Except as described below, there have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

### ***Fair Value of Finance Receivables***

The valuation of finance receivables at fair value is derived from an internally developed model that estimates the present value of future cash flows. We estimate the present value of these future cash flows using a valuation model consisting of internally developed estimates that rely on unobservable assumptions third-party market participants would use in determining fair value, including prepayment speed, default rate, recovery rate, and discount rates. All these assumptions are primarily based on historical performance. These valuation models are calculated by combining similarly priced loans and vintages to determine a stream of expected cash flows which are then discounted. The individual discounted pools of cash flows are then aggregated to determine the total expected discounted cash flows on the outstanding receivable at a given measurement period.

The estimates for the aforementioned assumptions significantly affect the reported amount (and changes thereon) of our finance receivables at fair value on our consolidated balance sheets and condensed consolidated statements of operations.

## **Recently Issued and Adopted Accounting Pronouncements**

Refer to “Note 2—Summary of Significant Accounting Policies” to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for a discussion about new accounting pronouncements adopted and not yet adopted as of the date of this report.

### **Item 3. Quantitative and Qualitative Disclosure About Market Risk**

We are a smaller reporting company as defined in Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this Item 3.

### **Item 4. Controls and Procedures**

#### **Limitations on effectiveness of controls and procedures**

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2024.

Based on that evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that, as of September 30, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

#### **Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarterly period ended September 30, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

On November 12, 2024, we entered into the RSA with creditors holding, in the aggregate, over 80% of the aggregate outstanding principal amount of the Notes. The RSA contemplates a Plan to be implemented through the anticipated filing of the Prepackaged Chapter 11 Case. The Plan is attached as an exhibit to the RSA. In connection with the restructuring, the ordinary course operations of Vroom, Inc.'s subsidiaries are expected to continue without impact, and trade creditors and all other general unsecured creditors are expected to be unimpaired. If the Plan is consummated, we will emerge without any remaining Notes but will maintain UACC's Warehouse Credit Facilities (as defined below), securitization debt, financing of beneficial interest in securitizations, and junior subordinated debentures.

We (in the context of the anticipated Prepackaged Chapter 11 Case, the "Debtor") are expected to commence a voluntary proceeding (the "Prepackaged Chapter 11 Case") under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). We plan to continue to operate its business as a "debtor-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. The Debtor plans to seek approval of certain "first day" motions containing customary relief intended to assure the Debtor's ability to continue its ordinary course operations.

While certain prepetition litigation claims will be treated as unimpaired 510(b) Claims (as defined in the Plan) during the anticipated Prepackaged Chapter 11 Case, the Company is involved in certain other litigation, which, so long as it remains unresolved, represents legal issues of uncertain outcome and potential claims for monetary damages. If the outcomes of such litigation are unfavorable, they could have a material impact on the Company's operations and financial health.

Additionally, there is a risk of future litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the reorganized company's financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their claims and interests under the Plan. It is not possible to predict with certainty what, if any, future litigation the reorganized company may become involved in, nor the final resolution of such litigation. The impact of any such litigation on the reorganized company's businesses and financial stability, however, could be material.

Additionally, from time to time, we are subject to legal proceedings in the normal course of operating our business. The outcome of litigation, regardless of the merits, is inherently uncertain. Beginning in March 2021, multiple putative class actions were filed in the U.S. District Court for the Southern District of New York by certain of the Company's stockholders against the Company and certain of the Company's officers alleging violations of federal securities laws. The lawsuits were captioned *Zawatsky et al. v. Vroom, Inc. et al.*, Case No. 21-cv-2477; *Holbrook v. Vroom, Inc. et al.*, Case No. 21-cv-2551; and *Hudda v. Vroom, Inc. et al.*, Case No. 21-cv-3296. All three of the lawsuits asserted similar claims under Sections 10(b) and 20(a) of the Exchange Act, and SEC Rule 10b-5. In each case, the named plaintiff(s) sought to represent a proposed class of all persons who purchased or otherwise acquired the Company's securities during a period from June 9, 2020 to March 3, 2021 (in the case of *Holbrook* and *Hudda*), or November 11, 2020 to March 3, 2021 (in the case of *Zawatsky*). In August 2021, the Court consolidated the cases under the new name *In re: Vroom, Inc. Securities Litigation*, Case No. 21-cv-2477, appointed a lead plaintiff and lead counsel and ordered a consolidated amended complaint to be filed. The court-appointed lead plaintiff subsequently filed a consolidated amended complaint that reasserts claims under Sections 10(b) and 20(a) of the Exchange Act, and SEC Rule 10b-5 against the Company and certain of the Company's officers, and added new claims under Sections 11, 12 and 15 of the Securities Act against the Company, certain of its officers, certain of its directors, and the underwriters of the Company's September 2020 secondary offering. The Company filed a motion to dismiss all claims, and briefing of this motion is complete. The Company believes this lawsuit is without merit and intends to vigorously contest these claims. While the outcome of any complex legal proceeding is inherently unpredictable and subject to significant uncertainties, based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on the Company's financial condition, cash flows, or results of operations.

In August 2021, November 2021, January 2022, and February 2022, various Company stockholders filed purported shareholder derivative lawsuits on behalf of the Company in the U.S. District Court for the Southern District of New York against certain of the Company's officers and directors, and nominally against the Company, alleging violations of the federal securities laws and breaches of fiduciary duty to the Company and/or related violations of Delaware law based on the same general course of conduct alleged in *In re: Vroom, Inc. Securities Litigation*. All four lawsuits have



been consolidated under the case caption *In re Vroom, Inc. Shareholder Derivative Litigation*, Case No. 21-cv-6933, and the court has approved the parties' stipulation that the cases would remain stayed pending final resolution of *In re: Vroom, Inc. Securities Litigation*. All four derivative suits remain in preliminary stages and there have been no substantive developments in any matter.

In April 2022 and April 2024, two of the Company's stockholders filed separate purported shareholder derivative lawsuits on behalf of the Company in the U.S. District Court for the District of Delaware against certain of the Company's officers and directors, and nominally against the Company, alleging violations of the federal securities law and breaches of fiduciary duty to the Company and/or related violations of Delaware law based on the same general course of conduct alleged in *In re: Vroom, Inc. Securities Litigation*. The case filed in April 2022 is captioned *Godlu v. Hennessy et al.*, Case No. 22-cv-569, the case filed in April 2024 is captioned *Hudda v. Hennessy et al.* Case No. 24-cv-4499., and the court in each has approved the parties' stipulations that each case would remain stayed pending final resolution of *In re: Vroom, Inc. Securities Litigation*. Both lawsuits remain in preliminary stages and there have been no substantive developments.

In January 2022, the Company received a non-public civil investigative demand from the Federal Trade Commission ("FTC"), seeking the production of information related to certain of the Company's business practices and the Company responded to those information requests. On February 23, 2024, the FTC notified the Company that it has reason to believe that the Company violated Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a); the FTC's Mail, Internet, or Telephone Order Merchandise Rule, 16 C.F.R. Part 435; the FTC's Used Motor Vehicle Trade Regulation Rule, 16 C.F.R. Part 455; and the FTC's Pre-Sale Availability Rule, 16 C.F.R. Part 702. On May 6, 2024, Vroom, Inc., Vroom Automotive, LLC and the FTC reached an agreement to resolve the FTC's allegations without any admission of wrongdoing by either Vroom entity, subject to final approval by the FTC and the court. Under the agreement, the Company agreed to pay a total of \$1 million in customer redress and abide permanently by an injunction. The FTC issued its final approval of the agreement on July 2, 2024, and a mutually-agreed upon order reflecting the agreement was entered by the Court on July 10, 2024. The case is captioned *Federal Trade Commission v. Vroom, Inc. et al.*, Case No. 4:24-cv-02496.

In April 2022, the Attorney General of Texas filed a petition on behalf of the State of Texas in the District Court of Travis County, Texas against the Company, alleging violation of the Texas Deceptive Trade Practices – Consumer Protection Act, Texas Business and Commerce Code § 17.41 et seq., based on alleged deficiencies and other issues in the Company's marketing of used vehicles and fulfillment of customer orders, including the titling and registration of sold vehicles. According to the petition, 80% of the customer complaints referenced in the petition were received in the 12 months prior to April 2022. The petition is captioned *State of Texas v. Vroom Automotive LLC, and Vroom Inc.*, Case No. D-1-GN-001809. In May 2022, Vroom Automotive, LLC and the Attorney General of the State of Texas agreed to a temporary injunction in which Vroom Automotive, LLC agreed to adhere to its existing practice of possessing title for all vehicles it sells or advertises as available for sale on its ecommerce platform. In December 2023, Vroom, Inc., Vroom Automotive, LLC and the Attorney General of the State of Texas reached a final agreement to resolve all claims in the petition, without any admission of wrongdoing by either Vroom entity. Under the agreement, the Company agreed to pay a total of \$2 million in civil penalties and \$1 million in attorneys' fees, with the first half due in September 2024 and the remaining half due in September 2025, and abide permanently by an injunction of certain operational practices that were previously implemented.

As previously disclosed, we have been subject to audits, requests for information, investigations and other inquiries from our regulators. These regulatory matters could continue to progress into legal proceedings as well as enforcement actions. We have incurred fines in certain states and could continue to incur fines, penalties, restitution, or alterations in our business practices, which in turn, could lead to increased business expenses, additional limitations on our business activities and further reputational damage, although to date such expenses have not had a material adverse effect on the Company's financial condition, cash flows, or results of operations.

#### **Item 1A. Risk Factors**

Our operations and financial results are subject to various risks and uncertainties including those disclosed under "Item 1A. Risk Factors" in our Annual Report. We provide below the material changes to our risk factors described in our Annual Report. If any of these risks or others not specified materialize, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline and you could lose all or part of your investment in our common stock:

***We are subject to risks and uncertainties associated with the anticipated Prepackaged Chapter 11 Case.***

We have entered into a Restructuring Support Agreement (together with all exhibits and schedules thereto, the "RSA") and expect to commence a voluntary proceeding as the Debtor under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court") (the "Prepackaged Chapter 11 Case"). The RSA contemplates a comprehensive restructuring of the Company's debt obligations and capital structure to be implemented through a prepackaged plan of reorganization (the "Plan") to be implemented through the anticipated filing of the Prepackaged Chapter 11 Case. We plan to continue to operate our business as a "debtor-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. We anticipate seeking approval of certain "first day" motions containing customary relief intended to assure our ability to continue our ordinary course operations. None of Vroom, Inc.'s subsidiaries are expected to commence Chapter 11 proceedings.

The anticipated Prepackaged Chapter 11 Case could have a material adverse effect on our business, financial condition, results of operations and liquidity. Our senior management has spent, and so long as the Prepackaged Chapter 11 Case continues, they will continue to be required to spend, a significant amount of time and effort dealing with the reorganization instead of focusing on our business operations. Bankruptcy Court protection also may make it more difficult to retain management and the key personnel necessary to the success and growth of our business. Furthermore, we may not realize any or all of the intended benefits of the Prepackaged Chapter 11 Case. In addition, during the period of time we may remain subject to the provisions of the Bankruptcy Code in the Prepackaged Chapter 11 Case, our customers and vendors may lose confidence in our ability to reorganize our business successfully and may seek to establish alternative commercial relationships.

Other significant risks include or relate to the following:

- our ability to obtain the Bankruptcy Court's approval with respect to motions or other requests made to the Bankruptcy Court in the anticipated Prepackaged Chapter 11 Case, including maintaining strategic control as a debtor-in-possession;
- the effects of the filing of the anticipated Prepackaged Chapter 11 Case on our business and the interest of various constituents, including our stockholders;
- the high costs of the anticipated Prepackaged Chapter 11 Case and related fees;
- our ability to maintain relationships with vendors, customers, employees and other third parties as a result of the anticipated Prepackaged Chapter 11 Case;
- Bankruptcy Court rulings in the anticipated Prepackaged Chapter 11 Case as well as the outcome of all other pending litigation and the outcome of the anticipated Prepackaged Chapter 11 Case in general;
- the length of time that we anticipate we will operate with Chapter 11 protection, if at all, and the continued availability of operating capital during the pendency of the proceeding;
- third-party motions in the anticipated Prepackaged Chapter 11 Case;
- potential delisting by Nasdaq due to the anticipated Prepackaged Chapter 11 Case;
- our ability to continue as a going concern as a result of the anticipated Prepackaged Chapter 11 Case; and
- the potential adverse effects of the anticipated Prepackaged Chapter 11 Case on our liquidity and results of operations.

Because of the risks and uncertainties associated with the anticipated Prepackaged Chapter 11 Case, we may not be able to accurately predict or quantify the ultimate impact the anticipated Prepackaged Chapter 11 Case may have on our business, cash flows, liquidity, financial condition and results of operations, nor can we accurately predict the ultimate impact the anticipated Prepackaged Chapter 11 Case may have on our corporate or capital structure. If the Prepackaged Chapter 11 Case is not successful, any other strategic options that we pursue to address the impact of the

Company's outstanding Notes, including any recapitalization, restructuring, reorganization, bankruptcy, or liquidation, may not be successful and holders of our common stock could be diluted or suffer a total loss of their investment.

***We may not be able to obtain confirmation of the Plan as outlined in the RSA.***

There can be no assurance that the Plan as outlined in the RSA (or any other plan of reorganization) will be approved by the Bankruptcy Court, so we urge caution with respect to existing and future investments in our securities.

The success of any reorganization will depend on approval by the Bankruptcy Court and the willingness of existing debt and security holders to agree to the treatment as outlined in the Plan, and there can be no guarantee of success with respect to the Plan or any other plan of reorganization. We might receive objections to confirmation of the Plan from the various stakeholders in the anticipated Prepackaged Chapter 11 Case. We cannot predict the impact that any objection might have on the Plan or on a Bankruptcy Court's decision to confirm the Plan. Any objection may cause us to devote significant resources in response that could materially and adversely affect our business, financial condition and results of operations. Additionally, it is possible that an official committee of equityholders is appointed, which could materially impact the length and cost of the Prepackaged Chapter 11 Case, or, the ability to consummate the Plan as contemplated in the RSA.

If the Plan is not confirmed by the Bankruptcy Court, it is unclear whether we would be able to reorganize our business and what, if any, distributions holders of claims against us, including holders of our unsecured debt and equity, as well as holders of the Notes, would ultimately receive with respect to their claims. There can be no assurance as to whether we will successfully reorganize and emerge from Chapter 11 or, if we do successfully reorganize, as to when we would emerge from Chapter 11. If no plan of reorganization can be confirmed, or if the Bankruptcy Court otherwise finds that it would be in the best interest of holders of claims and interests, the Prepackaged Chapter 11 Case may be converted to a case under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate our assets for distribution in accordance with the priorities established by the Bankruptcy Code.

***If the RSA is terminated, our ability to confirm and consummate the Plan could be materially and adversely affected.***

The RSA contains a number of termination events, upon the occurrence of which certain parties to the RSA may terminate the agreement. If the RSA is terminated as to all parties thereto, each of the parties will be released from its obligations in accordance with the terms of the RSA. Such termination may result in the loss of support for the Plan by the parties to the RSA, which could adversely affect our ability to confirm and consummate the Plan. If the Plan is not consummated, there can be no assurance that any new plan would be as favorable to holders of claims against the Company as contemplated by the RSA.

***The RSA is subject to significant conditions and milestones that may be difficult for us to satisfy.***

There are certain material conditions we must satisfy under the proposed RSA, including the timely satisfaction of milestones for the progress of the anticipated Prepackaged Chapter 11 Case, including, among other things, to obtain certain bankruptcy court orders and complete the Plan. Our ability to timely complete such milestones is subject to risks and uncertainties that may be beyond our control.

***Trading in our securities is highly speculative and poses substantial risks. If the Plan becomes effective, the holders of our existing common stock will be diluted.***

The RSA contemplates the Plan to be implemented through the anticipated Prepackaged Chapter 11 Case. The Plan is attached as an exhibit to the RSA. In connection with the restructuring, trade creditors and all other general unsecured creditors will be unimpaired. The Plan, as contemplated in the proposed RSA, provides that upon the Company's emergence from Chapter 11, noteholders will receive, among other things, their pro rata share of 92.94% of the common stock in the reorganized company and that the holders of the existing common stock of the Company will receive their pro rata share of 7.06% of the common stock in the reorganized Company and their pro rata share of the new warrants exercisable upon the Company reaching certain benchmarks pursuant to the terms of the proposed new warrants. In addition, if the Plan as contemplated in the proposed RSA is consummated, 15% of the Fully-Diluted New Common Stock outstanding as of immediately following the Plan Effective Date will be reserved for issuance as awards under a post-restructuring management incentive plan consisting of 10% restricted stock units and 5% options. Issuances of common stock (or securities convertible into or exercisable for common stock) under the Plan, the Post-Effective Date Equity Awards or management incentive plan and any exercises of the warrants or conversion rights for shares of

common stock will dilute the voting power of the outstanding common stock and may adversely affect the trading price of such common stock.

***Following the effectiveness of the Plan, certain holders of Unsecured Notes Claims, if they choose to act together, will have the ability to significantly influence all matters submitted to stockholders of the reorganized company for approval.***

Certain Holders of Unsecured Notes Claims are expected to acquire a significant ownership interest in the New Common Stock pursuant to the Plan. Such Holders may be in a position to control the outcome of all actions requiring stockholder approval, including the election of directors, without the approval of other stockholders. This concentration of ownership could also facilitate or hinder a negotiated change of control of the Reorganized Debtor and, consequently, have an impact upon the value of the New Common Stock. The significant ownership stake may allow these Holders to appoint a majority of the board of directors, potentially influencing the company's management and strategic direction. This could lead to changes in corporate governance practices, business strategies, and capital allocation policies that align with the interests of the major shareholders. The concentrated ownership might also affect the liquidity of the New Common Stock in the market, potentially impacting its trading price and volatility. The interests of these significant Holders may not always align with those of other shareholders or the Reorganized Debtor, potentially leading to conflicts in decision-making. Lastly, this ownership structure could either attract potential acquirers due to the ease of negotiating with a small group of major shareholders or deter them if the Holders are not interested in selling their stakes. Notably, a single party alone would likely hold sufficient voting power to control stockholder approval on most matters, potentially marginalizing minority shareholders.

***Our business could suffer from a long and protracted restructuring.***

While only Vroom, Inc. is anticipated to be a debtor in the Prepackaged Chapter 11 Case and its subsidiaries will not be subject to the Bankruptcy Code, our future results are dependent upon the timely implementation of a Chapter 11 plan of reorganization. A long period of operations under Bankruptcy Court protection could have a material adverse effect on our business, financial condition, results of operations, liquidity and suppliers, customers and other counterparties may not want to do business with us while we are in bankruptcy. Failure to obtain confirmation of a Chapter 11 plan in a timely manner may harm our ability to finance adequately our operations, and there is a significant risk that the value of the Company would be substantially eroded to the detriment of all stakeholders. If a Chapter 11 plan that complies with the applicable provisions of the Bankruptcy Code cannot be confirmed, we would have to pursue other strategic options to address the impact of the outstanding Notes. Any other strategic option that we pursue, including any recapitalization, restructuring, reorganization, bankruptcy, or liquidation, may not be successful and holders of our common stock could be diluted or suffer a total loss of their investment.

For as long as the anticipated Prepackaged Chapter 11 Case continues, we will be required to incur substantial costs for professional fees and other expenses associated with the administration of the anticipated Prepackaged Chapter 11 Case. If we are unable to continue to fund our operations, our chances of successfully reorganizing our business may be seriously jeopardized, the likelihood that we instead will be required to liquidate our assets may be enhanced, and, as a result, our common stock could become further devalued or become worthless.

There can be no assurance of whether, or when, we will be able to successfully implement a Chapter 11 plan, or whether we will be able to do so in a timely fashion.

Even if a Chapter 11 plan is confirmed and implemented, our operating results may be adversely affected by the possible reluctance of prospective lenders, suppliers and other counterparties to do business with a company that recently emerged from bankruptcy proceedings.

***As a result of the anticipated Prepackaged Chapter 11 Case, our historical financial information will not be indicative of our future performance.***

During the anticipated Prepackaged Chapter 11 Case, we expect our financial results to continue to be volatile. Further, we anticipate that our capital structure will be significantly altered if and when we are able to emerge from bankruptcy proceedings. As a result, our historical financial performance is likely not indicative of our financial performance after the date of the filing of the anticipated Prepackaged Chapter 11 Case. In addition, if we emerge from Chapter 11, the amounts reported in subsequent consolidated financial statements may materially change relative to our historical consolidated financial statements. We also may be required to adopt fresh start accounting, in which case our

assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on our consolidated balance sheets. Our financial results after the application of fresh start accounting may be different from historical trends.

***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.***

While certain prepetition litigation claims will be treated as unimpaired 510(b) Claims (as defined in the Plan) during the anticipated Prepackaged Chapter 11 Case, the Company is involved in certain other litigation, which, so long as it remains unresolved, represents legal issues of uncertain outcome and potential claims for monetary damages. If the outcomes of such litigation are unfavorable, they could have a material impact on the Company's operations and financial health.

Additionally, there is a risk of future litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the reorganized company's financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their claims and interests under the Plan. It is not possible to predict with certainty what, if any, future litigation the reorganized company may become involved in, nor the final resolution of such litigation. The impact of any such litigation on the reorganized company's businesses and financial stability, however, could be material.

***The anticipated Prepackaged Chapter 11 Case will 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.***

Management has spent a significant amount of time and effort focusing on the entry into the RSA and the anticipated Prepackaged Chapter 11 Case, and while the anticipated Prepackaged Chapter 11 Case continues, our management will be required to continue to spend a significant amount of time and effort focusing on the anticipated Prepackaged Chapter 11 Case instead of focusing exclusively on our business operations. This diversion of attention may materially adversely affect the conduct of our business, and, as a result, our financial condition and results of operations, particularly if the anticipated Prepackaged Chapter 11 Case is protracted.

Furthermore, during the pendency of the anticipated Prepackaged Chapter 11 Case, we may experience increased levels of employee attrition, and our employees may face considerable distraction and uncertainty. A loss of key personnel or material erosion of employee morale could adversely affect our business and results of operations. Our ability to engage, motivate and retain key employees or take other measures intended to motivate and incentivize key employees to remain with us through the pendency of the anticipated Prepackaged Chapter 11 Case is limited by restrictions on implementation of incentive programs under the Bankruptcy Code. The loss of services of members of our senior management team could impair our ability to execute our strategy and implement operational initiatives, which would be likely to have a material adverse effect on our financial condition, liquidity and results of operations. In addition, the longer the anticipated Prepackaged Chapter 11 Case continues, the more likely it is that vendors and employees will lose confidence in our ability to reorganize our business successfully.

***Upon our emergence from bankruptcy, the composition of our Board of Directors may change.***

Under the Plan, the composition of our Board may change. Any new directors are likely to have different backgrounds, experiences and perspectives from those individuals who previously served on the Board and, thus, may have different views on the issues that will determine our future. As a result, our future strategy and plans may differ materially from those of the past.

***The anticipated Prepackaged Chapter 11 Case raises substantial doubt regarding our ability to continue as a going concern.***

As a result of the anticipated Prepackaged Chapter 11 Case, our operations and ability to develop and execute our business plan are subject to significant risks and uncertainties. Our ability to continue as a going concern is contingent upon, among other things, our ability to, subject to the approval by the Bankruptcy Court, implement a comprehensive restructuring, successfully emerge from the anticipated Prepackaged Chapter 11 Case and maintain sufficient liquidity following the restructuring to meet our obligations and operating needs. The Plan contemplated by the RSA could fail to be confirmed or become effective, or the Bankruptcy Court may grant or deny motions in a manner that is adverse to us

and our subsidiaries. Accordingly, the transactions described herein may not be consummated on the expected terms, if at all. These conditions raise substantial doubt about our ability to continue as a going concern.

***Our common stock price may be volatile, and the value of our common stock has declined since our initial public offering and may continue to decline regardless of our operating performance, and you may not be able to resell your shares at or above the price which you paid for them.***

It is possible that an active trading market for shares of our common stock will not be sustained, which could make it difficult for you to sell your shares of common stock at an attractive price or at all.

Many factors, some of which are outside our control, may cause the market price of our common stock to fluctuate significantly, including those described in this "Risk Factors" section and the "Risk Factors" section in our Annual Report, as well as the following:

- the anticipated filing and outcome of the Prepackaged Chapter 11 Case, including as a result of the Plan that the RSA contemplates;
- our operating and financial performance and prospects, including as a result of operational changes and initiatives we are taking as part of our Value Maximization Plan;
- the discontinuation of our ecommerce operations and wind-down of our used vehicle dealership business and our ability to reduce the related costs;
- potential delisting of our common stock;
- our ability to grow and develop the UACC and CarStory businesses;
- our liquidity and ability to raise or restructure our existing capital;
- our quarterly or annual earnings or those of other companies in our industry compared to market expectations;
- our guidance regarding future quarterly or annual earnings, and our financial results in relation to previously issued guidance;
- our ability to achieve the benefits of any cost saving measures;
- future announcements concerning our businesses or our competitors' businesses;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- coverage by or changes in financial estimates by securities analysts or failure to meet their expectations; market and industry perception of our success, or lack thereof, in pursuing our business strategy;
- changes in market sentiment regarding growth companies that are not yet profitable;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in laws or regulations which adversely affect our industry or us;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in senior management or key personnel and the impact of reductions in our workforce;
- issuances, exchanges or sales, or expected issuances, exchanges or sales of our capital stock;
- changes in our dividend policy;
- new, or adverse resolution of pending, litigation or other claims against us;
- global political unrest and wars, including geopolitical conflicts and war in Europe and the Middle East, which could delay and disrupt our business, and if such political unrest further escalates or leads to disruptions in the financial markets or puts further pressure on global supply chains, it could heighten many of the other risk factors included in this Item 1A and the other risk factors included in the section titled "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023;
- the current inflationary environment in the United States and in other global economies, the impact of high interest rates and the impact of any recession or general economic downturn;



- potential volatility in the banking industry; and
- other changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from the federal government's ongoing negotiations regarding the federal debt limit, natural disasters, terrorist attacks, global pandemics, and responses to such events.

As a result, volatility in the market price of our common stock may prevent investors from being able to sell their common stock at or above the price which they paid for them. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low. As a result, you may suffer a loss on your investment. Broad market and industry fluctuations, as well as general economic, political, regulatory, and market conditions, may negatively impact the market price of our common stock.

We have experienced significant declines in the market price of our common stock, and it could continue to decline in the future, including as a result of the execution and implementation of our Value Maximization Plan or the filing and implementation of the anticipated Prepackaged Chapter 11 Case. Accordingly, any trading in our common stock during the pendency of the Prepackaged Chapter 11 Case will be highly speculative and pose substantial risks to purchasers of our common stock.

Further declines in our stock price could, among other things, make it more difficult to raise or restructure capital on terms acceptable to us, or at all, and make it difficult for our investors to sell their shares of common stock. In addition, companies that experience volatility in the market price of their securities often are the subject of securities class action litigation. For example, a consolidated class action is pending in the U.S. District Court for the Southern District of New York against us, certain of our officers, and certain of our directors, among others, alleging violations of the federal securities laws. See Part II, Item 1 "Legal Proceedings."

***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.***

As of September 30, 2024, we, including our subsidiaries, had approximately \$1,051.2 million principal amount of consolidated indebtedness. Of that amount, \$410.0 million of securitization debt is funded by cashflows on receivables within the securitization trusts. Our indebtedness could have significant negative consequences for our security holders and our business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes, including the successful execution of our Value Maximization Plan;
- limiting our flexibility to plan for, or react to, changes in our business; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, or to pay amounts due under our indebtedness, and our cash needs may increase in the future. In addition, our existing indebtedness contains, and any future indebtedness that we may incur may contain, financial and other restrictive covenants that may limit our ability to operate our business, raise capital or make payments under our other indebtedness.

For example, on December 21, 2023, we received written notice from Nasdaq notifying us that, for the prior 30 consecutive business days, the bid price for our common stock had closed below the \$1.00 minimum bid price requirement for continued inclusion on the Nasdaq Global Select Market. On February 13, 2024, after obtaining stockholder approval, we effected a 1-for-80 reverse stock split (the "Reverse Stock Split"), and our stock began trading on a post-split adjusted basis on February 14, 2024. On February 29, 2024, we were notified by Nasdaq Listing Qualifications that the closing bid price of our common stock had been at \$1.00 per share or greater for 11 consecutive



business days, from February 14, 2024 to February 28, 2024. Accordingly, the Company has regained compliance with Nasdaq Listing Rule 5450(a)(1) and this matter is now closed. However, if our common stock again closes below the \$1.00 per share minimum bid price required by Nasdaq for 30 consecutive business days, we again would receive another notice of non-compliance with Nasdaq's listing standards and would face the risk of delisting. There can be no assurance that our common stock will continue to close at or above the \$1.00 per share minimum bid price as required by Nasdaq, or that we will meet the other requirements of Nasdaq for continued listing on Nasdaq Global Select Market.

For example, under the "equity standard", applicable Nasdaq listing standards currently require us to have stockholders' equity of at least \$10 million, among other requirements. Under the "total asset standard", the market value of our publicly held shares must be at least \$15 million, among other requirements. Only one standard has to be met to comply with Nasdaq requirements. While we currently meet the "total asset standard", there can be no assurance that we will continue to do so, or that we will be able to satisfy any other standard. A delisting of our common stock from the Nasdaq Global Select Market would constitute a fundamental change under the terms of our Indenture and holders of the Notes could, subject to certain conditions, require us to immediately repurchase for cash all or any portion of the Notes at a repurchase price equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest. As of September 30, 2024, and as of the date of issuance of the condensed consolidated financial statements, we do not have sufficient liquidity to repurchase the Notes in the event of a fundamental change and would be required to seek financing. Such financing may not be available to us on favorable terms, or at all. Additionally, if we fail to comply with the terms of our Indenture or to service the interest under the Notes and repay the Notes as and when they become due, that could in turn also result in our other indebtedness becoming immediately payable in full. Our ability to maintain our indebtedness, including to service the interest under the Notes and repay the Notes, as and when they become due, will depend on our ability to generate and maintain sufficient cash, and if necessary, raise additional capital. On November 12, 2024, we announced our entry into the RSA and intention to commence the Prepackaged Chapter 11 Case. The RSA contemplates and the Plan proposes that, upon effectiveness, each holder of an Allowed Unsecured Notes Claim (as defined therein) will receive, in full and final satisfaction, settlement, discharge and release of, and in exchange for, its Allowed Unsecured Notes Claim, its pro rata share of 92.94% of the New Common Stock (subject to dilution by the New Warrants, the MIP, and the Post-Effective Date Equity Awards, all terms as defined therein). On the effective date of the Plan, all notes, instruments, certificates, and other documents evidencing Unsecured Notes Claims will be canceled and/or updated to record such cancellation and the obligations of the Debtor thereunder or in any way related thereto will be deemed satisfied in full and discharged. While the filing of the anticipated Prepackaged Chapter 11 Case will constitute an event of default that will accelerate the Company's respective obligations under the Indenture, the Plan contemplates the termination of the Indenture. As discussed herein, the consummation of the Plan is subject to numerous conditions and the Plan may not be consummated, including if the Prepackaged Chapter 11 Case is not commenced for any reason.

***We may be unable to satisfy a continued listing rule from Nasdaq, and if we are delisted, there is no assurance we will be able to satisfy an initial listing rule from Nasdaq or another national securities exchange.***

Nasdaq maintains several requirements for continued listing of our common stock, one of which is the maintenance of a minimum closing bid price of \$1.00. On December 21, 2023, we received written notice from Nasdaq notifying us that, for the prior 30 consecutive business days, the bid price for our common stock had closed below the \$1.00 minimum bid price requirement for continued inclusion on the Nasdaq Global Select Market. On February 13, 2024, after obtaining stockholder approval, we effected a 1-for-80 reverse stock split (the "Reverse Stock Split"), and our stock began trading on a post-split adjusted basis on February 14, 2024. On February 29, 2024, we were notified by Nasdaq Listing Qualifications that the closing bid price of our common stock had been at \$1.00 per share or greater for 11 consecutive business days, from February 14, 2024 to February 28, 2024. Accordingly, the Company regained compliance with Nasdaq Listing Rule 5450(a)(1) and this matter is now closed. However, if our common stock again closes below the \$1.00 per share minimum bid price required by Nasdaq for 30 consecutive business days, we would receive another notice of non-compliance with Nasdaq's listing standards and may be provided a period of 180 calendar days from the date of such notice to regain compliance with the minimum bid closing price requirement of at least \$1.00 per share for a minimum of 10 consecutive business days. However, there can be no assurance that our common stock will continue to close at or above the \$1.00 per share minimum bid price as required by Nasdaq. We intend to continue to actively monitor the closing bid price of our common stock and, if we lose compliance with Nasdaq's minimum bid price closing requirements, will consider all available options to regain compliance.

There can also be no assurance that we will meet the other requirements of Nasdaq for continued listing on the Nasdaq Global Select Market. For example, under the "equity standard", applicable Nasdaq listing standards currently require us to have stockholders' equity of at least \$10 million, among other requirements. Under the "total asset standard", the market value of our publicly held shares must be at least \$15 million, among other requirements. Only one standard

has to be met to comply with Nasdaq requirements. While we currently meet the "total asset standard", there can be no assurance that we will continue to do so, or that we will be able to satisfy any other standard. A delisting of our common stock from the Nasdaq Global Select Market would constitute a fundamental change under the terms of our Indenture and holders of the Notes could, subject to certain conditions, require us to immediately repurchase for cash all or any portion of the Notes at a repurchase price equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest. As of September 30, 2024, and as of the date of issuance of the condensed consolidated financial statements, the Company does not have sufficient liquidity to repurchase the Notes in the event of a fundamental change and would be required to seek financing. Such financing may not be available to the Company on favorable terms, or at all.

The Company may be delisted by Nasdaq due to the anticipated Prepackaged Chapter 11 Case. If our common stock is delisted based on the anticipated Prepackaged Chapter 11 Case, the bid price closing requirement, the stockholders' equity requirement, or any other continued listing requirement, it is unlikely that we will be able to list our common stock on another national securities exchange and, as a result, we expect our securities would be quoted on an over-the-counter market. If this were to occur, we and our stockholders could face significant material adverse consequences, including limited availability of market quotations and analyst coverage for our common stock, and reduced liquidity for the trading of our securities.

Delisting also could result in, among other things, a loss of investor confidence or interest in strategic transactions or opportunities, us being subject to regulation in each state in which we offer our securities, and difficulty in recruiting and retaining personnel through equity incentive awards.

***Our tax attributes and future tax deductions may be reduced or significantly limited as a result of the consummation of the Plan and any restructuring or reorganization in connection therewith.***

Generally, any discharge of our debt obligations as a result of the Prepackaged Chapter 11 Case for an amount less than the adjusted issue price may give rise to cancellation of indebtedness income, which will reduce our tax attributes.

Certain tax attributes otherwise available and of value to us may be reduced, in most cases by the principal amount of the indebtedness forgiven. U.S. federal income tax attributes subject to reduction generally include (i) net operating losses ("NOL(s)") and NOL carryforwards; (ii) general business credit carryovers; (iii) minimum tax credit carryovers; (iv) capital loss carryovers; (v) tax basis in assets (but not below the amount of liabilities to which the taxpayer remains subject immediately after the indebtedness forgiven); (vi) passive activity loss and credit carryovers; and (vii) foreign tax credit carryovers. Loss of these tax attributes may have an adverse effect on our prospective cash flow.

To the extent that U.S. federal NOL carryforwards, other losses and credits generated by us prior to emergence from bankruptcy are available as deductions after emergence, our ability to utilize such deductions may be limited by Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). Section 382 of the Code provides rules limiting the utilization of a corporation's NOLs and other losses, deductions and credits following a more than 50% change in ownership of a corporation's equity over a three-year period (an "ownership change"). An exception to the limitations under Section 382 of the Code generally applies when, among other requirements, so-called "qualified creditors" and shareholders of a corporation in Chapter 11 receive, in respect of their claims and interests, as applicable, at least 50% of the vote and value of the stock of the corporation pursuant to a confirmed Chapter 11 plan (the "382(l)(5) Exception"). We expect to seek an order of the Bankruptcy Court on or around the filing of the anticipated Prepackaged Chapter 11 Case that will establish certain procedures to protect the potential value of our NOL carryforwards for use in connection with the reorganization. In addition, we believe that the transactions contemplated by the Plan will result in an ownership change, and we expect that the application of the 382(l)(5) Exception could result in significant future cash tax savings over other alternative approaches and transaction forms. However, it is uncertain whether the consummation of the Plan will satisfy all of the requirements of the 382(l)(5) Exception, as such determination will depend on several factors, including the extent to which holders of certain of our indebtedness may be treated as "qualified creditors". The rules relating to the use of pre-bankruptcy tax attributes by a corporation emerging from a bankruptcy are inherently uncertain. Accordingly, there cannot be any assurance that we will be entitled to use such attributes following emergence from the Prepackaged Chapter 11 Case.

***We may not generate sufficient liquidity to operate our business.***

As of September 30, 2024, we had cash and cash equivalents of \$51.1 million and restricted cash of \$47.1 million and continue to meet our obligations to customers, vendors, counterparties and employees in the ordinary course of

business. However, there is substantial doubt about our ability to continue as a going concern due to the anticipated Prepackaged Chapter 11 Case.

We expect to use our cash and cash equivalents to finance our future capital requirements and UACC's four senior secured warehouse facility agreements (the "Warehouse Credit Facilities") to fund our finance receivables. Certain advance rates available to UACC on borrowings from the Warehouse Credit Facilities have decreased as a result of the increasing credit losses in UACC's portfolio and overall higher interest rates. Any future decreases on available advance rates may have an adverse impact on our liquidity. If we are unable to maintain the Warehouse Credit Facilities, all of which expire on varying dates in 2025 absent renewal, on favorable terms or at all, or if they are terminated or expire and are not renewed or we are unable to find a satisfactory replacement, we may be unable to fund our finance receivables, and our business, operational results, financial position and cash flows would be materially adversely affected.

In addition, in April 2024, UACC sold approximately \$262.5 million of rated asset-backed securities in an auto loan securitization transaction from a securitization trust, established and sponsored by UACC for proceeds of \$261.3 million. The trust is collateralized by finance receivables with an aggregate principal balance of \$380.1 million. These finance receivables are serviced by UACC. As a result of market conditions, UACC retained the Class E non-investment grade securities and residual interests, which will require us to account for the 2024-1 securitization as secured borrowings and remain on balance sheet pending the sale of such retained interests. In May 2024, UACC sold approximately \$37.5 million of Class E non-investment grade securities that were initially retained for proceeds of \$35.9 million.

Our revenue growth may be adversely affected by factors including our inability to grow and develop the UACC and CarStory businesses; weakness in the automotive retail industry generally; general economic conditions, including high interest rates and inflation; global pandemics and other public health emergencies; and increasing competition. Our historical revenue growth is not indicative of our future performance, particularly given the wind-down of our ecommerce business. If we are unable to grow and develop the UACC and CarStory businesses and generate sufficient revenue and achieve profitability, our business, financial condition and results of operations will be materially and adversely affected. Additionally, our cash needs may increase in the future as we focus on growing and developing the UACC and CarStory businesses.

In addition to our ongoing cash requirements, in the near term, our liquidity will also be used to fund costs related to the wind-down of our ecommerce operations, primarily severance and early contract and lease termination payments. Such payments could be significant and have a material effect on our cash flows from operations. Our future capital requirements will depend on many factors, including the outcome of the anticipated Prepackaged Chapter 11 Case, ability to realize the benefits of the Value Maximization Plan, available advance rates on and the amendment and renewal of the Warehouse Credit Facilities, the ability to continue to meet the requirements of Nasdaq for continued listing on the Nasdaq Global Select Market, the ability to complete additional securitization transactions on terms favorable to us, future credit losses, the ability to obtain the necessary financing to meet obligations and repay liabilities arising from business operations when they come due, the ability to generate and maintain sufficient cash, and the ability to generate profitable operations in the future. There can be no assurance that our liquidity will be sufficient to achieve the objectives of our Value Maximization Plan, grow and develop UACC and CarStory, operate our business, or comply with the terms of our indebtedness. See "—UACC may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow its business" and "—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."

***UACC may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow its business.***

UACC uses debt financing to maintain and grow its business. UACC relies on borrowings under senior secured warehouse credit facilities to finance the origination of finance receivables as well as to provide funding for general operating activities. The terms of those facilities generally mature within two years and we typically renew those facilities in the ordinary course. UACC currently has four Warehouse Credit Facilities, all of which have terms expiring between June and September 2025. See Note 9, Warehouse Credit Facilities and Consolidated VIEs, to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q and "UACC may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow its business." We have commenced discussions with our lenders under the Warehouse Credit Facilities regarding amended facilities that would extend the terms beyond the current expiration dates. Failure to secure warehouse borrowing capacity beyond the expiration of the current facilities

in 2025 would have a material adverse effect on our ability to finance UACC's lending operations and our results of operations and liquidity. We cannot guarantee that the Warehouse Credit Facilities will continue to be available beyond their current maturity dates, on acceptable terms, or at all, or that UACC will be able to obtain additional financing on acceptable terms or at all. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the losses incurred in UACC's loan portfolio, UACC's financial position, its results of operations, and the capacity for additional borrowing under its existing financing arrangements. If UACC's various financing alternatives were to become limited or unavailable, it may be unable to maintain or grow origination volume at the level that we anticipate and our financial condition and results of operations would be materially adversely affected.

***There are risks associated with the discontinuance of our ecommerce operations and wind-down of our used vehicle dealership business.***

On January 22, 2024, we announced the Value Maximization Plan, pursuant to which we discontinued our ecommerce operations and wound down our used vehicle dealership business in order to preserve cash and maximize stakeholder value through our remaining businesses. As a result, we have incurred, and will continue to incur, costs including severance costs, inventory liquidation costs, contract and lease termination costs and non-cash asset impairments, and such costs are expected to exceed any cash we generate on the liquidation of assets. We estimate that we will incur total cash charges during 2024 of approximately \$15.9 million for severance and other personnel-related costs, with \$0.2 million and \$15.8 million incurred during the three and nine months ended September 30, 2024, respectively and approximately \$13.9 million in contract and lease termination costs, with \$0.4 million and \$13.9 million settled during the three and nine months ended September 30, 2024, respectively. The actual amount of wind down, transition and impairment charges may materially exceed our estimates, due to various factors, many of which are outside of our control, including the outcomes of discussions and negotiations with the counterparties to the remaining contracts and leases we intend to terminate or modify. In addition, because of uncertainties with respect to our wind-down plan (including those described above), we may not be able to realize the anticipated benefits of or complete the wind-down in the expected timeframe, on the terms or in the manner we expect, or at all, and the costs incurred in connection with such wind-down activities may exceed our estimates. If the time to complete the wind-down takes longer than expected, or the actual costs or impairment charges exceed our estimates, the Company's business, operational results, financial position and cash flows could be adversely affected.

The purpose of the Value Maximization Plan was to wind-down our ecommerce operations, which were not profitable and had significant cash burn, in order to preserve cash and enable us to maximize stakeholder value through our remaining businesses, UACC and CarStory. As of September 30, 2024, we had cash and cash equivalents of approximately \$51.1 million. Given our wind-down expenses, including employee severance costs, our ongoing operating expenses and recent losses at UACC, there can be no assurance that we will succeed in achieving profitability and creating meaningful stakeholder value.

Additionally, the announced wind-down involves further risks, including:

- the ongoing cost of retaining (as was realized in connection with the payment of retention bonuses during the nine months ended September 30, 2024) and, in some cases, the inability to retain qualified personnel necessary to achieve our goals for UACC and CarStory;
- potential disruption of the operations of the rest of our businesses and diversion of management's attention from such businesses and operations;
- exposure to unknown, contingent or other liabilities, including litigation arising in connection with the wind-down;
- negative impact on our business relationships, including but not limited to potential relationships with our customers, suppliers, vendors, licensees and employees; and
- unintended negative consequences from changes to our business.

If any of these or other factors impair our ability to successfully implement the wind-down, we may not be able to realize other business opportunities as we may be required to spend additional time and incur additional expense relating to the wind-down that otherwise would be used on the development, expansion and profitability of our other businesses, which could adversely impact our business, operational results, financial position and cash flows.

***We are, and may in the future be, subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, financial condition and results of operations.***

We are subject to various litigation matters from time to time, the outcome of which could have a material adverse effect on our business, financial condition and results of operations. Claims arising out of actual or alleged violations of law could be asserted against us by individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including but not limited to consumer finance laws, consumer protection laws, intellectual property laws, privacy laws, labor and employment laws, securities laws and employee benefit laws. These actions could expose us to adverse publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. For example, a consolidated class action is pending in the U.S. District Court for the Southern District of New York asserting claims on behalf of a putative class of Company stockholders against us, certain of our officers, and certain of our directors, among others, alleging violations of the federal securities laws. We also are a party to certain stockholder derivative suits in which the Company is named as a nominal defendant in suits that various individual stockholders seek to bring on behalf of the Company against certain of our current and former directors and officers. These suits are pending in the U.S. District Court for the Southern District of New York and the U.S. District Court for the District of Delaware and are based on the same general course of conduct alleged in the consolidated securities class action. We believe these lawsuits are without merit and intend to vigorously contest these claims.

In January 2022, the Company received a non-public civil investigative demand from the Federal Trade Commission (“FTC”), seeking the production of information related to certain of the Company's business practices and the Company responded to those information requests. On February 23, 2024, the FTC notified the Company that it has reason to believe that the Company violated Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a); the FTC's Mail, Internet, or Telephone Order Merchandise Rule, 16 C.F.R. Part 435; the FTC's Used Motor Vehicle Trade Regulation Rule, 16 C.F.R. Part 455; and the FTC's Pre-Sale Availability Rule, 16 C.F.R. Part 702. On May 6, 2024, Vroom, Inc., Vroom Automotive, LLC and the FTC reached an agreement to resolve the FTC's allegations without any admission of wrongdoing by either Vroom entity, subject to final approval by the FTC and the court. Under the agreement, the Company agreed to pay a total of \$1 million in customer redress and abide permanently by an injunction. The FTC issued its final approval of the agreement on July 2, 2024, and a mutually-agreed upon order reflecting the agreement was entered by the Court on July 10, 2024. The case is captioned Federal Trade Commission v. Vroom, Inc. et al., Case No. 4:24-cv-02496.

In addition, in April 2022, the Attorney General of Texas filed a lawsuit on behalf of the State of Texas in the District Court of Travis County, Texas against the Company, alleging violation of the Texas Deceptive Trade Practices – Consumer Protection Act and Texas Business and Commerce Code § 17.41 et seq. In December 2023, Vroom, Inc., Vroom Automotive, LLC and the Attorney General of the State of Texas reached a final agreement to resolve all claims in the petition, without any admission of wrongdoing by either Vroom entity. Under the agreement, the Company agreed to pay a total of \$2 million in civil penalties and \$1 million in attorneys' fees, with the first half due in September 2024 and the remaining half due in September 2025, and abide permanently by an injunction of certain operational practices that were previously implemented. The agreement was approved by the District Court of Travis County on December 13, 2023.

Upon the filing of the Prepackaged Chapter 11 Case, it is anticipated that all litigation against the Debtor will be stayed pursuant to the automatic stay of the Bankruptcy Code. The RSA contemplates that all existing litigation will be unimpaired by the bankruptcy and the associated liabilities are not currently proposed to be discharged pursuant to the proposed plan of reorganization. Following the Plan Effective Date, it is anticipated that any litigation stayed during the Prepackaged Chapter 11 Case will continue. See Part I, Item 3. “Legal Proceedings” for more information about these matters and the other legal proceedings to which we are subject.

***We depend on key personnel to operate our business, and if we are unable to retain, integrate, adequately compensate, and attract qualified personnel, our ability to develop and successfully grow our business could be harmed.***

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to retain, develop, motivate and attract highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to retain and attract them. In particular, we are highly dependent on the services of our leadership team to the development of our business,



future vision, and strategic direction, including as we realign our business in accordance with the Value Maximization Plan. On February 29, 2024, James G. Vagim, III, UACC's Co-President and Chief Executive Officer, and Ravi Gandhi, UACC's Co-President and Chief Financial Officer stepped down. The Company's Chief Executive Officer, Tom Shortt, succeeded Mr. Vagim as President and Chief Executive Officer of UACC, and the Company's Vice President of Investor Relations and Financial Planning & Analysis, Jon Sandison, succeeded Mr. Gandhi as UACC's Chief Financial Officer. On May 17, 2024 (the "CFO Transition Date"), Robert R. Krakowiak ceased his service as Chief Financial Officer, Treasurer and principal financial officer of the Company. On May 6, 2024, the Board appointed Mr. Krakowiak as a member of the board of directors (the "Board") of the Company, and as Vice Chair of the Board, in each case effective as of the CFO Transition Date, for a term ending at the Company's 2024 Annual Meeting of Stockholders (the "Annual Meeting"), where he was re-elected by our stockholders for a term ending at the Company's 2025 Annual Meeting of Stockholders. On the CFO Transition Date, the Company's Senior Vice President and principal accounting officer, Agnieszka Zakowicz, succeeded Mr. Krakowiak as the Company's Chief Financial Officer, Treasurer and principal financial officer and retained her role as principal accounting officer. Also effective on the CFO Transition Date, C. Denise Stott stepped down as the Company's Chief People & Culture Officer. On August 16, 2024, Amy Castell, UACC's General Counsel and Chief Compliance Officer, stepped down, followed by Patricia Moran, the Company's Chief Legal Officer, stepping down on August 23, 2024. Anna-Lisa Corrales was appointed as the Company's Chief Legal Officer, Chief Compliance Officer and Secretary. Our future performance will depend, in part, on the successful transition of these positions and any other key management positions that may experience turnover in the future. We heavily rely on the continued service and performance of our senior management team, which provides leadership, contributes to the core areas of our business and helps us to efficiently execute our business, including with respect to strategic initiatives such as our Value Maximization Plan. If members of our senior management team, including our executive leadership, become ill, or if we are otherwise unable to retain them, we may not be able to manage our business effectively and, as a result, our business and operating results could be harmed. See — "The anticipated Prepackaged Chapter 11 Case will 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." If the senior management team, including any new hires that we make, fails to work together effectively and to execute our plans and strategies on a timely basis, or if we are unable to retain key employees in a cost-effective manner or at all, then our business and future growth prospects could be harmed.

In addition, we issue equity awards to certain of our employees as part of our hiring and retention efforts, and job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Our employees' inability to sell their shares in the public market at times and/or at prices desired may lead to a larger than normal turnover rate. The market value of our common stock has declined significantly. If the actual or perceived value of our common stock does not recover, or if our common stock is delisted from the Nasdaq Global Select Market, it may adversely affect our ability to hire or retain employees. See "Risk Factors —We may be unable to satisfy a continued listing rule from the Nasdaq". In addition, we may periodically change our equity compensation practices, which may include reducing the number of employees eligible for equity awards or reducing the size or value of equity awards granted per employee or undertaking other efforts that may prove to be an unsuccessful retention mechanism. For instance, on April 27, 2024, our Board of Directors adopted, and on June 13, 2024 our stockholders approved, an amendment to the Company's 2020 Incentive Award Plan (the "2020 Plan") to (i) increase the number of shares of our common stock authorized for issuance under the 2020 Plan by 350,000 shares and (ii) correspondingly increase by 350,000 shares the limit on the number of shares that can be issued under the 2020 Plan pursuant to the exercise of "incentive stock options." The purpose of the amendment was to ensure the Company has a sufficient reserve of shares available to attract, retain and motivate selected employees, consultants and directors who are essential to the Company's long-term growth while preserving cash, particularly in light of the goals of the Value Maximization Plan. If we are unable to make meaningful equity awards to our employees or directors, or otherwise fail to attract, integrate, adequately compensate, or retain the qualified and highly skilled personnel required to fulfill our current or future needs, our business and future growth prospects could be harmed.

Furthermore, in light of the reduction in headcount as part of our Value Maximization Plan and the impact of the anticipated Prepackaged Chapter 11 Case, we may find it difficult to maintain valuable aspects of our culture, to prevent a negative effect on employee morale or attrition beyond our planned reduction in headcount, and to attract competent personnel who are willing to embrace our culture in the future. Our executive officers and other employees are at-will employees, which means they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. We may not be able to retain the services of any members of our senior management or other key employees, particularly in light of the discontinuance of our ecommerce business and wind-down of our used vehicle dealership business. If we do not succeed in retaining and motivating

existing employees or attracting well-qualified employees in the future, our business, financial condition and results of operations could be materially and adversely affected.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

**(a) Disclosure in lieu of reporting on a Current Report on Form 8-K.**

**Item 1.01. Entry into a Material Agreement.**

**Restructuring Support Agreement**

On November 12, 2024, the Company entered into a Restructuring Support Agreement (together with all exhibits and schedules thereto, the "RSA") with creditors holding, in the aggregate, over 80% of the aggregate outstanding principal amount of the Notes (as defined in Note 10, Long Term Debt) and the largest shareholder. The RSA contemplates a comprehensive restructuring of the Company's debt obligations and capital structure to be implemented through a prepackaged plan of reorganization (the "Plan") to be implemented through the anticipated filing of the Prepackaged Chapter 11 Case (as defined below). Capitalized terms used in this section but not defined herein have the meanings ascribed to them in the RSA. The Plan is attached as an exhibit to the RSA.

Vroom, Inc. (in the context of the anticipated Prepackaged Chapter 11 Case (the "Debtor") is expected to commence a voluntary proceeding (the "Prepackaged Chapter 11 Case") under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Debtor plans to operate its business as a "debtor-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. The Debtor plans to seek approval of certain "first day" motions containing customary relief intended to assure the Debtor's ability to continue its ordinary course operations. None of Vroom, Inc.'s subsidiaries are expected to commence Chapter 11 proceedings.

*Commitments and Representations.* Each of the Debtor and the Consenting Stakeholders have made certain customary commitments and representations in the RSA. The Debtor has agreed, among other things, to support and take all commercially reasonable actions necessary and appropriate to facilitate the restructuring and meet milestones set forth in the RSA. The Consenting Stakeholders have committed to the Debtor, among other things, to support and vote for the Plan and use their commercially reasonable efforts to consummate and complete the restructuring.

*Milestones.* The RSA contains milestones ("Milestones") relating to the progress of the Prepackaged Chapter 11 Case, which include, among other things, entry of an order by the Bankruptcy Court confirming the Plan and approving the related disclosure statement no later than 60 days following the Petition Date and the occurrence of the date on which the Plan has become effective in accordance with its terms (the "Plan Effective Date") no later than 75 days following the Petition Date.

*Termination.* Each of the parties to the RSA may terminate the agreement (and thereby their support for the Plan) under certain limited circumstances, including, among other things: (i) in the case of the Company and the Consenting Noteholders, the failure to meet the Milestones; (ii) the occurrence of certain breaches of the RSA; (iii) the mutual agreement of the parties; and (iv) in the case of the Company, if the board of directors, members, or managers, as applicable, of the Company reasonably determines in good faith and based upon advice of outside legal counsel that performance under the RSA would be inconsistent with its applicable fiduciary duties.

*Consummation.* Consummation of the restructuring contemplated by the RSA is subject to approval of the Plan by the Bankruptcy Court and other conditions. Accordingly, no assurance can be given that the transactions described therein will be consummated.

*Summary of Material Terms.* The following is a summary of the material terms of the restructuring that are set forth in the Plan:

- The capital structure of the reorganized Debtor upon the Plan Effective Date will consist of the new common stock to be issued by the reorganized Debtor on the Plan Effective Date (the "New Common Stock"), distributed to (a) the holders of Unsecured Notes Claims; and (b) the holders of Existing Equity Interests, and resulting in pro forma ownership percentages of (x) 92.94% of the New Common Stock held by the holders of Unsecured Notes Claims; and (y) 7.06% of the New Common Stock held by holders of Existing Equity Interests; in each case, subject to dilution by the (i) New Warrants, (ii) the MIP Awards, and (iii) the Post-Effective Date Equity Awards.
- Promptly following the Plan Effective Date, the New Board will approve and implement the Management Incentive Plan (the "MIP"). The RSU Awards and the ESO Grants will be granted subject to approval by the New Board, with the allocation of such grants to be determined in good faith by the New Board in consultation with the reorganized company's chief executive officer.
- The reorganized company reserves the right to register the New Warrants with the U.S. Securities and Exchange Commission ("SEC") by filing a Registration Statement on Form S-1 in its discretion if it determines that doing so would be necessary or desirable in connection with the trading of such securities. As contemplated, the New Warrants will have the following key terms:
  - Number: The New Warrants will be for the purchase of an aggregate of 1,808,243 shares of New Common Stock, equal to the number of presently existing outstanding shares of common stock of the Company;
  - Exercise Price: The New Warrants will have an exercise price of \$12.19 per share;
  - Expiration: The New Warrants will expire on the 5th anniversary of the Plan Effective Date;
  - Anti-Dilution Protections: The New Warrants will contain customary anti-dilution protection for stock splits, stock dividends, and similar events but will not have Black-Scholes protections; and
  - Transferability: The New Warrants will be freely transferable, subject to applicable securities laws.

Under the Plan, certain classes of claims will receive upon consummation the following treatment:



- Holders of Other Priority Claims, Secured Claims, General Unsecured Claims, and 510(b) Claims will be unimpaired.
- Each holder of Claims under the Unsecured Notes Indenture (the “Unsecured Notes Claims”) will receive, except to the extent that such holder agrees in writing to less favorable treatment, on the Effective Date, its pro rata share of 92.94% of the New Common Stock (subject to dilution by (i) the New Warrants, (ii) the MIP Awards, and (iii) the Post-Effective Date Equity Awards).
- Each holder of any Equity Security or other ownership interest in the Debtor as in existence immediately before the Plan Effective Date, but excluding any Existing Equity Awards (the “Existing Equity Interests”), will receive, except to the extent that such holder agrees in writing to less favorable treatment, on the Effective Date, (i) its pro rata share of 7.06% of the New Common Stock (subject to dilution by (a) the New Warrants, (b) the MIP Awards, and (c) the Post-Effective Date Equity Awards) and (ii) the right to receive New Warrants in an amount equal to its pro rata share of Existing Equity Interests.
- Except to the extent the holder of any options or restricted stock units representing rights to purchase or acquire any Equity Securities of the Debtor as in existence immediately before the Plan Effective Date (the “Existing Equity Awards,” and together with the Existing Equity Interests, the “Equity Interests”) agrees in writing to less favorable treatment, on the Effective Date, all Existing Equity Awards will be converted into new awards (the “Post-Effective Date Equity Awards”) exchangeable into New Common Stock on the same terms and conditions, and for the same number of units, applicable to the Existing Equity Awards in respect of the Existing Equity Interests, as of immediately prior to the Plan Effective Date.

In connection with the restructuring, trade creditors and all other general unsecured creditors are expected to be unimpaired.

The foregoing summary of the RSA, including the Plan, does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the RSA, a copy of which is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

**Item 2.04. Triggering Events that Accelerate or Increase a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement.**

The filing of the anticipated Prepackaged Chapter 11 Case described in Item 1.01 above will trigger an event of default, resulting in the immediate acceleration of the Company’s obligations to pay principal and interest under the Indenture, dated June 18, 2021, between the Company and U.S. Bank National Association, acting as trustee (the “Indenture”).

The Indenture provides that, as a result of the filing such as the anticipated Prepackaged Chapter 11 Case, the principal, premium, if any, accrued and unpaid interest and any other monetary obligations due thereunder will be immediately due and payable.

However, any enforcement of such payment obligations will be stayed as a result of the filing of the Prepackaged Chapter 11 Case and subject to the applicable provisions of the Bankruptcy Code. The Plan contemplates the termination of the Indenture.

**(b) Material changes to the procedures by which security holders may recommend nominees to the board of directors**

None.

**(c) Insider Trading Arrangements and Policies**

During the three months ended September 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

INDEX TO EXHIBITS							
<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>	<u>Filed Herewith</u>	<u>Furnished Herewith</u>
2.1	<a href="#">Agreement and Plan of Merger, dated as of October 11, 2021, by and among Vroom, Inc., Vroom Finance Corporation, Unitas Holdings Corp. and Fortis Advisors LLC, solely in its capacity as the equityholders' representative</a>	8-K	001-39315	2.1	October 12, 2021		
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Vroom, Inc.</a>	10-Q	001-39315	3.1	August 13, 2020		
3.2	<a href="#">Certificate of Amendment of Amended and Restated Certificate of Incorporation of Vroom, Inc., dated February 13, 2024.</a>	8-K	001-39315	3.1	February 14, 2024		
3.3	<a href="#">Amended and Restated Bylaws of Vroom, Inc.</a>	10-Q	001-39315	3.2	August 13, 2020		
4.1	<a href="#">Specimen Stock Certificate evidencing the shares of common stock</a>	S-1/A	333-238482	4.1	June 1, 2020		
4.2	<a href="#">Indenture, dated as of June 18, 2021, between Vroom, Inc. and U.S. Bank National Association, as trustee</a>	8-K	001-39315	4.1	June 21, 2021		
4.3	<a href="#">Form of Global Note representing the 0.750% Convertible Senior Notes due 2026 (included in Exhibit 4.2)</a>	8-K	001-39315	4.2	June 21, 2021		
4.4	<a href="#">Eighth Amended and Restated Investors' Rights Agreement, dated as of November 21, 2019, by and among Vroom, Inc. and certain holders of its capital stock</a>	S-1/A	333-238482	4.2	May 18, 2020		
10.1	<a href="#">Restructuring Support Agreement, dated November 12, 2024</a>						X
10.2	<a href="#">Separation and Consulting Agreement, dated as of July 23, 2024, between Patricia Moran and Vroom, Inc.</a>	10-Q	001-39315	10.4	August 8, 2024		
10.3	<a href="#">Employment Letter, dated as of July 23, 2024, between Anna-Lisa Corrales and Vroom, Inc.</a>	10-Q	001-39315	10.5	August 8, 2024		

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31.1	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>	X
31.2	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>	X
32.1	<a href="#"><u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>	X
32.2	<a href="#"><u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>	X
101.INS	Inline XBRL Instance Document	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	X

**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.

Vroom, Inc.

Date: November 12, 2024

By: \_\_\_\_\_  
/s/ Thomas H. Shortt  
Thomas H. Shortt  
Chief Executive Officer  
*(principal executive officer)*

Date: November 12, 2024

By: \_\_\_\_\_  
/s/ Agnieszka Zakowicz  
Agnieszka Zakowicz  
Chief Financial Officer  
*(principal financial officer and principal accounting officer)*

*THIS RESTRUCTURING SUPPORT AGREEMENT IS NOT (NOR SHALL IT BE CONSTRUED AS) AN OFFER TO SELL OR BUY, OR THE SOLICITATION OF AN OFFER TO SELL OR BUY, ANY SECURITIES OR AN ACCEPTANCE OR SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS RESTRUCTURING SUPPORT AGREEMENT SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE ON THE TERMS DESCRIBED HEREIN, DEEMED BINDING ON ANY OF THE PARTIES HERETO.*

*THIS RESTRUCTURING SUPPORT AGREEMENT IS FOR DISCUSSION PURPOSES ONLY AND DOES NOT PURPORT TO SUMMARIZE ALL OF THE TERMS, CONDITIONS, REPRESENTATIONS, WARRANTIES, AND OTHER PROVISIONS WITH RESPECT TO THE TRANSACTIONS DESCRIBED HEREIN, WHICH TRANSACTIONS WILL BE SUBJECT IN ALL RESPECTS TO THE COMPLETION OF DEFINITIVE DOCUMENTS REFLECTING THE TERMS AND CONDITIONS SET FORTH IN THIS RESTRUCTURING SUPPORT AGREEMENT. THE CLOSING OF ANY SUCH TRANSACTIONS SHALL BE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN SUCH DEFINITIVE DOCUMENTS AND THE CONSENT RIGHTS OF THE PARTIES SET FORTH HEREIN AND THEREIN.*

*THIS RESTRUCTURING SUPPORT AGREEMENT IS CONFIDENTIAL AND IS SUBJECT IN ALL RESPECTS TO THE CONFIDENTIALITY AGREEMENTS ENTERED INTO AND BY THE RECIPIENTS OF THIS RESTRUCTURING SUPPORT AGREEMENT AND THE COMPANY (INCLUDING BUT NOT LIMITED TO ANY OBLIGATION TO INCLUDE THIS RESTRUCTURING SUPPORT AGREEMENT IN THE CLEANSING MATERIALS), AND MAY NOT BE SHARED WITH ANY THIRD PARTY OTHER THAN AS SET FORTH IN THE CONFIDENTIALITY AGREEMENTS. THIS RESTRUCTURING SUPPORT AGREEMENT TOGETHER WITH THE ASSOCIATED RESTRUCTURING TERM SHEET IS PROVIDED AS PART OF A SETTLEMENT PROPOSAL IN FURTHERANCE OF SETTLEMENT DISCUSSIONS AND IS ENTITLED TO PROTECTION FROM ANY USE OR DISCLOSURE TO ANY PARTY OR PERSON PURSUANT TO FEDERAL RULE OF EVIDENCE 408 AND ANY APPLICABLE STATUTES, DOCTRINES, OR RULES PROTECTING THE USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION EXCHANGED IN THE CONTEXT OF SETTLEMENT DISCUSSIONS.*

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## RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT (as amended, supplemented, or otherwise modified from time to time in accordance with the terms hereof, and, together with the Plan and the other exhibits hereto, this “**Agreement**”), dated as of November 12, 2024, is entered into by and among:

(a) Vroom, Inc. (“**Vroom**,” the “**Company**,” or the “**Debtor**”);

(b) the undersigned beneficial holders of 0.75% unsecured Convertible Senior Notes due 2026 (the “**Unsecured Notes**” and all Claims or Causes of Action relating to the Unsecured Notes, the “**Unsecured Notes Claims**” and, all holders of the Unsecured Notes Claims, whether or not party to this Agreement, the “**Unsecured Noteholders**” and, such undersigned holders of the Unsecured Notes Claims solely in their capacity as Unsecured Noteholders, the “**Initial Consenting Noteholders**” and, together with any Unsecured Noteholder that subsequently becomes a party to this Agreement, pursuant to a Joinder Agreement in the form attached hereto as Exhibit 4, solely in its capacity as an Unsecured Noteholder, the “**Consenting Noteholders**”) issued pursuant to that certain Indenture, dated as of June 18, 2021 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the “**Unsecured Notes Indenture**”), by and between Vroom, as issuer, and U.S. Bank National Association, as trustee (the “**Indenture Trustee**”); and

(c) the undersigned holders of any Equity Security or other ownership interest in Vroom (the “**Equity Interests**” and all holders of the Equity Interests, whether or not party to this Agreement, the “**Equity Interest Holders**” and such undersigned holders of the Equity Interests, the “**Consenting Equity Interest Holders**” and together with the Consenting Noteholders, the “**Consenting Stakeholders**”).

The Debtor and each of the Consenting Stakeholders, and any subsequent Person that becomes a party hereto in accordance with the terms hereof are collectively referred to herein as the “**Parties**” and each, individually, as a “**Party**.” Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan (as defined below). The Plan is hereby incorporated by reference and made part of this Agreement as if fully set forth herein.

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### **Exhibits**

- Exhibit 1 – Milestones
- Exhibit 2 – Restructuring Term Sheet
- Exhibit 3 – Plan
- Exhibit 4 – Joinder Agreement

## **RECITALS**

**WHEREAS**, the transactions described herein and in the Plan and Restructuring Term Sheet together constitute the “**Restructuring**” to be consummated through a voluntary case under chapter 11 of the Bankruptcy Code (the “**Chapter 11 Case**”) in the Bankruptcy Court on the terms set forth in this Agreement;

**WHEREAS**, as of the date hereof, the Initial Consenting Noteholders, in the aggregate, hold, own, or control greater than 90% of the aggregate principal amount of outstanding Unsecured Notes;

**WHEREAS**, the Parties intend that additional Unsecured Noteholders and Equity Interest Holders will be encouraged to join this Agreement and/or otherwise support the Restructuring, in accordance with the terms hereof; and

**WHEREAS**, the Parties desire to express to each other their mutual support and commitment in respect of the matters discussed in this Agreement.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

### **1. Certain Definitions.**

In this Agreement, (i) the capitalized terms in the preamble and the recitals shall have the meanings ascribed to them therein; (ii) the following capitalized terms shall have the meanings specified in this Section 1 or the sections in this Agreement where such terms are defined; and (iii) capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

**a.** “**Affiliate**” shall, with respect to an Entity, have the meaning set forth in section 101(2) of the Bankruptcy Code as if such Entity were a debtor in a case under the Bankruptcy Code.

**b.** “**Agreement**” has the meaning set forth in the preamble hereto.

**c.** “**Agreement Effective Date**” means the date on which counterpart signature pages to this Agreement shall have been executed and delivered to Porter Hedges by (i) the Company and (ii) Consenting Noteholders holding more than 66.7% of the Unsecured Notes Claims.

**d.** “**Alternative Transaction**” means any dissolution, winding up, liquidation, reorganization, plan, proposal, recapitalization, receivership (or otherwise any enforcement of security over any of the shares or assets of the Company), examinership, assignment for the benefit of creditors, merger, tender offer, exchange offer, scheme of arrangement, takeover, reverse takeover, consolidation, business combination, joint venture, partnership, sale of assets, equity financing (debt or equity), restructuring, or similar transaction of or by the Company, other than



the transactions contemplated by and in accordance with this Agreement. For the avoidance of doubt, an Alternative Transaction shall not include (i) the Restructuring pursuant to this Agreement and the Plan and related transactions, (ii) ordinary course debt financing or asset sales, or (iii) any transactions solely among Vroom and any of its subsidiaries.

e. “**Avoidance Actions**” means any and all actual or potential Claims and Causes of Action to avoid or recover a transfer of property or an obligation incurred by the Debtor arising under chapter 5 of the Bankruptcy Code, including sections 502(d), 544, 545, 547, 548, 549, 550, 551, and 553(b) of the Bankruptcy Code and applicable non-bankruptcy law.

f. “**Bankruptcy Code**” means title 11 of the United States Code.

g. “**Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of Texas.

h. “**Beneficial Ownership**” means the direct or indirect economic ownership (which shall be deemed to include any unsettled trades) of, and/or the power, whether by contract or otherwise (including, for the avoidance of doubt, by participation), to direct the exercise of the voting rights and the disposition of, the applicable Claims or Equity Interests or the right to acquire such Claims or Equity Interests. This definition shall include terms such as “**Beneficially Own**,” “**Beneficial Owners**” and “**Beneficially Owned**” and other conjugations as the context may require.

i. “**Business Day**” means any day, other than a Saturday, Sunday or “legal holiday” (as that term is defined in Bankruptcy Rule 9006(a)), on which commercial banks are open for commercial business with the public in New York City, New York.

j. “**Causes of Action**” means any action, claim, cross-claim, third-party claim, cause of action, controversy, dispute, proceeding demand, right, lien, indemnity, contribution, guaranty, suit, obligation, liability, loss, debt, fee, expense, damage, interest, judgment, cost, account, defense, remedy, offset, power, privilege, proceeding, license and franchise of any kind or character whatsoever, known, unknown, foreseen or unforeseen, existing or hereafter arising, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively (including any alter ego theories), choate, inchoate, reduced to judgment or otherwise whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity or pursuant to any other theory of law (including, without limitation, under any state or federal securities laws). Causes of Action also includes: (a) any right of setoff, counterclaim or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims or Equity Interests; (c) any claim pursuant to section 362 or chapter 5 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress and usury and any other defenses set forth in section 558 of the Bankruptcy Code; (e) any state law fraudulent transfer claim; and (f) any Avoidance Actions.

k. “**Chapter 11 Case**” has the meaning set forth in the recitals to this Agreement.

l. “**Claim**” means any claim, as defined in section 101(5) of the Bankruptcy Code. Except where otherwise provided in context, “Claim” refers to such a claim against the Debtor.

m. “**Combined Hearing**” means the combined hearing to be held by the Bankruptcy Court pursuant to sections 105(d)(2)(B)(vi) and 1128 of the Bankruptcy Code to consider (i) final approval of the Disclosure Statement under sections 1125 and 1126(b) of the Bankruptcy Code and (ii) confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

n. “**Combined Order**” means an order of the Bankruptcy Court confirming the Plan and approving the Disclosure Statement.

o. “**Company**” has the meaning set forth in the preamble to this Agreement.

p. “**Company Advisors**” means the Company’s advisors and professionals, including Stout Risius Ross, LLC, Porter Hedges, Latham, and Verita Global, among others that may be retained by the Company.

q. “**Company Termination Event**” has the meaning set forth in Section 6.b of this Agreement.

r. “**Confidentiality Agreement**” has the meaning set forth in Section 3.b of this Agreement.

s. “**Consenting Claims**” means all Claims against the Debtor held by or on behalf of or in the control of Consenting Stakeholders from time to time.

t. “**Consenting Equity Interest Holders**” has the meaning set forth in the preamble to this Agreement.

u. “**Consenting Noteholder Affiliate**” has the meaning set forth in Section 3.b of this Agreement.

v. “**Consenting Noteholder Termination Event**” has the meaning set forth in Section 6.a of this Agreement.

w. “**Consenting Noteholders**” has the meaning set forth in the preamble to this Agreement.

x. “**Consenting Stakeholders**” has the meaning set forth in the preamble to this Agreement.

y. “**Debtor**” has the meaning set forth in the preamble to this Agreement.

z. “**Definitive Documents**” means: (a) the Plan and the Plan Supplement; (b) the Disclosure Statement and the Solicitation Materials, and any motion seeking approval of, and any notices related to, the foregoing; (c) the Solicitation Procedures Order; (d) the Combined

Order; (e) the New Governance Documents; (f) the First Day Orders; (g) the MIP; and (h) any other material agreement, document, instrument, pleading and/or order entered or entered into, or utilized, in connection with or to implement the Restructuring (together with any exhibit, amendment, modification or supplement thereto).

aa. “**Disclosure Statement**” means the disclosure statement for the Plan, including all exhibits and schedules thereto, as amended, supplemented, or modified from time to time, that is prepared and distributed in accordance with sections 1125, 1126(b), and 1145 of the Bankruptcy Code, Bankruptcy Rule 3018, and other applicable law.

bb. “**Entity**” has the meaning set forth in section 101(15) of the Bankruptcy Code.

cc. “**Equity Interest Holders**” has the meaning set forth in the preamble of this Agreement.

dd. “**Equity Interests**” has the meaning set forth in the preamble of this Agreement.

ee. “**Equity Security**” means an “equity security” as defined in section 101(16) of the Bankruptcy Code.

ff. “**Existing Equity Award**” means any options or restricted stock units representing rights to purchase or acquire any Equity Securities of the Debtor as in existence immediately before the Plan Effective Date.

gg. “**File**” or “**Filed**” or “**Filing**” means file, filed or filing with the Bankruptcy Court or its authorized designee in this Chapter 11 Case.

hh. “**Final Order**” means as applicable, an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the relevant subject matter, which (a) has not been reversed, stayed, modified, or amended, including any order subject to appeal but for which no stay of such order has been entered, and as to which the time to appeal, seek certiorari, or move for a new trial, reargument, reconsideration or rehearing has expired and as to which no appeal, petition for certiorari, or other proceeding for a new trial, reargument, reconsideration or rehearing has been timely taken, or (b) as to which any appeal that has been taken or any petition for certiorari or motion for reargument, reconsideration or rehearing that has been or may be Filed has been withdrawn with prejudice, resolved by the highest court to which the order or judgment was appealed or from which certiorari could be sought, or any request for new trial, reargument, reconsideration or rehearing has been denied, resulted in no stay pending appeal or modification of such order, or has otherwise been dismissed with prejudice; *provided*, that no order or judgment shall fail to be a “Final Order” solely because of the possibility that a motion under rules 59 or 60 of the Federal Rules of Civil Procedure or any analogous Bankruptcy Rule (or any analogous rules applicable in another court of competent jurisdiction) or sections 502(j) or 1144 of the Bankruptcy Code has been or may be Filed with respect to such order or judgment.

ii. “**First Day Orders**” means any interim or Final Order of the Bankruptcy Court granting the relief requested in the First Day Pleadings (as may be amended, supplemented, or modified from time to time).

jj. “**First Day Pleadings**” means all material motions, applications, notices and/or other pleadings that the Debtor Files or proposes to File in connection with the commencement of the Chapter 11 Case and all orders sought thereby (any of the foregoing as amended, supplemented or modified from time to time), including the First Day Orders.

kk. “**Indenture Trustee**” has the meaning set forth in the preamble to this Agreement.

ll. “**Initial Consenting Noteholder Advisors**” means Wachtell, Lipton, Rosen & Katz, as legal co-counsel to the Initial Consenting Noteholders and McGuireWoods LLP as legal co-counsel to the Initial Consenting Noteholders.

mm. “**Initial Consenting Noteholders**” has the meaning set forth in the preamble hereto.

nn. “**Joinder Agreement**” means the form of joinder agreement attached hereto as Exhibit 4.

oo. “**Latham**” means Latham & Watkins LLP.

pp. “**Milestones**” has the meaning set forth in Section 2 of this Agreement.

qq. “**Mutual Termination Event**” has the meaning set forth in Section 7.c of this Agreement.

rr. “**New Common Stock**” means the new common stock to be issued by the Reorganized Debtor on the Plan Effective Date.

ss. “**New Governance Documents**” means any organizational or constitutional documents, including charters, bylaws, operating agreements, warrant agreements (including, for the avoidance of doubt, the agreements governing New Warrants), option agreements, shareholder agreement, registration rights agreements or other governance documents, in each case, relating to the Reorganized Debtor.

tt. “**New Warrants**” means the warrants to purchase shares of New Common Stock to be issued in accordance with the Plan pursuant to section 1145 of the Bankruptcy Code. The New Warrants will be subject to the terms and conditions set forth in a warrant agreement to be entered into between the Debtor or Reorganized Debtor, as applicable, and a warrant agent on or prior to the Plan Effective Date.

uu. “**Party(ies)**” has the meaning set forth in the preamble to this Agreement.

vv. “**Person**” means an individual, firm, corporation (including any non-profit corporation), partnership, limited partnership, limited liability company, joint venture, association, trust, governmental entity, or other entity or organization.

ww. “**Petition Date**” has the meaning set forth on Exhibit 1 to this Agreement.

xx. “**Plan**” means the prepackaged chapter 11 plan (as may be amended, modified, or supplemented from time to time in accordance with the terms hereof, including by the Plan Supplement) implementing the Restructuring in accordance with this Agreement, in substantially the form attached hereto as Exhibit 3.

yy. “**Plan Effective Date**” means the date on which the Plan has become effective in accordance with its terms.

zz. “**Plan Supplement**” means one or more supplemental appendices to the Plan, which shall include, among other things, draft forms of documents (or terms sheets thereof), schedules, and exhibits to the Plan, in each case subject to the provisions of this Agreement and as may be amended, modified, or supplemented from time to time in accordance with this Agreement on or prior to the Plan Effective Date.

aaa. “**Porter Hedges**” means Porter Hedges LLP.

bbb. “**Qualified Marketmaker**” means an entity that (a) holds itself out to the public or the applicable private markets as standing ready in the ordinary course of business to purchase from customers and sell to customers Claims or Equity Interests, (or enter with customers into long and short positions in Claims or Equity Interests), in its capacity as a dealer or market maker in Claims or Equity Interests and (b) is, in fact, regularly in the business of making a market in Claims against issuers or borrowers (including debt securities or other debt) or equity interests.

ccc. “**Reorganized Debtor**” means the Debtor, as reorganized pursuant to and under the Plan or any successor thereto.

ddd. “**Representatives**” means, with respect to any Person, such Person’s Affiliates and its and their directors, officers, members, partners, managers, employees, agents, investment bankers, attorneys, accountants, advisors, and other representatives.

eee. “**Required Consenting Noteholders**” means Consenting Noteholders Beneficially Owning at least 50.01% in aggregate principal amount of the Unsecured Notes Claims Beneficially Owned by Consenting Noteholders, the approval of which may be communicated to the Debtor by email from the Initial Consenting Noteholder Advisors and the Debtor shall be entitled to rely on such email.

fff. “**Restructuring**” has the meaning set forth in the recitals to this Agreement.

ggg. “**Restructuring Term Sheet**” means the term sheet annexed hereto as Exhibit 2.

hhh. “**Solicitation**” means the solicitation of votes on the Plan pursuant to sections 1125 and 1126 of the Bankruptcy Code.

iii. “**Solicitation Materials**” means any materials used in connection with the Solicitation, including the Disclosure Statement and any procedures established by the Bankruptcy Court with respect to Solicitation of votes on the Plan pursuant to the Solicitation Procedures Order.

jjj. “**Solicitation Procedures Order**” means the order of the Bankruptcy Court approving, among other things, the Solicitation procedures and scheduling the Combined Hearing.

kkk. “**Support Period**” means, with respect to any Party, the period commencing on the Agreement Effective Date and ending on the earlier of (i) the date on which this Agreement is terminated by or with respect to such Party in accordance with Section 6 hereof and (ii) the Plan Effective Date.

lll. “**Termination Event**” has the meaning set forth in Section 6.d of this Agreement.

mmm. “**Transfer**” has the meaning set forth in Section 3.b of this Agreement.

nnn. “**Transferee**” has the meaning set forth in Section 3.b of this Agreement.

ooo. “**Transferor**” has the meaning set forth in Section 3.b of this Agreement.

ppp. “**Unsecured Noteholders**” has the meaning set forth in the preamble to this Agreement.

qqq. “**Unsecured Notes**” has the meaning set forth in the preamble to this Agreement.

rrr. “**Unsecured Notes Claims**” has the meaning set forth in the preamble to this Agreement.

sss. “**Unsecured Notes Indenture**” has the meaning set forth in the preamble to this Agreement.

ttt. “**Vroom**” has the meaning set forth in the preamble to this Agreement.

## 2. Milestones.

During the Support Period, the Company shall implement the Restructuring in accordance with the milestones set forth on Exhibit 1 hereto (the “**Milestones**”), as applicable, unless extended or waived in writing by the Required Consenting Noteholders (with email from Initial Consenting Noteholder Advisors being sufficient to evidence such consent).

**3. Agreements of the Consenting Stakeholders.**

**a. Restructuring Support.** During the Support Period, subject to the terms and conditions hereof, each Consenting Stakeholder agrees, severally and not jointly, that it shall:

(i) solely with respect to the Consenting Noteholders and not the Consenting Equity Interest Holders, consult and negotiate in good faith with the Company and its Representatives, and use its commercially reasonable efforts to consummate the transactions contemplated by, the Definitive Documents to which it is or will be a party or for which its approval or consent is required, including, to the extent necessary or appropriate, directing the administrative, collateral agents, and/or indenture trustee(s), as applicable, under the Unsecured Notes, as applicable, to effectuate the transactions contemplated herein;

(ii) support and not object to the Restructuring, including the transactions contemplated by this Agreement, the Plan, and the other Definitive Documents, and use commercially reasonable efforts to take any action necessary or reasonably requested by the Company to effectuate the Restructuring, including the transactions contemplated by the Plan and/or the other Definitive Documents, in a manner consistent with this Agreement, including the timelines set forth herein;

(iii) not, directly or indirectly, seek, solicit, support, encourage, propose, assist, consent to, vote for, or enter or participate in any discussions or any agreement with any non-Party regarding, any Alternative Transaction; *provided*, that nothing in this clause (iii) shall affect any rights, if any, of the Consenting Stakeholders set forth in Section 9 of this Agreement;

(iv) reasonably cooperate with the Company in obtaining additional support for the Restructuring from the Company's other creditors and interest holders;

(v) support and not object to the Plan or entry of the Combined Order;

(vi) subject to the receipt of the Disclosure Statement and related solicitation materials, (A) vote all Unsecured Notes Claims and Equity Interests it Beneficially Owns or otherwise controls to accept the Plan in accordance with the applicable procedures set forth in the Disclosure Statement and accompanying voting materials; (B) not "opt out" of or object to any releases or exculpation provided under the Plan (and, to the extent required by such ballot, affirmatively "opt in" to such releases and exculpation); and (C) return a duly-executed ballot in connection therewith no later than the applicable deadline set forth in the Solicitation Materials;

(vii) not encourage any other Person to, directly or indirectly, subject to the terms hereof, (A) object to, delay, postpone, challenge, oppose, impede, or take any other action or any inaction to interfere with or delay the acceptance, implementation, or consummation of the Restructuring and the transactions contemplated in this Agreement, the Restructuring Term Sheet, the Plan, and any other applicable Definitive Document, including commencing or joining with any Person in commencing any litigation or involuntary case for relief under the Bankruptcy Code against the Company or any subsidiary thereof; (B) solicit, negotiate, propose, File, support, enter into, consummate, vote for, or otherwise knowingly take any other action in furtherance of any restructuring, workout, plan of arrangement, or chapter 11 plan for the Company (except a chapter 11 plan pursued in compliance with this Agreement); (C) exercise any right or remedy for the



enforcement, collection, or recovery of any Claim against the Company or any direct or indirect subsidiaries of the Company that do not File for chapter 11 relief under the Bankruptcy Code, or (D) object to or oppose, or support any other Person's efforts to object to or oppose, any motions Filed by the Company that are necessary to the implementation of this Agreement;

(viii)solely with respect to the Consenting Noteholders and not the Consenting Equity Interest Holders, not direct any administrative agent, collateral agent or indenture trustee (as applicable) or other such agent or trustee to take any action inconsistent with such Consenting Noteholder obligations under this Agreement and, if any applicable administrative agent, collateral agent or indenture trustee or other such agent or trustee (as applicable) takes any action inconsistent with such Consenting Noteholder's obligations under this Agreement, use commercially reasonable efforts to direct such administrative agent, collateral agent or indenture trustee or other such agent or trustee (as applicable) to cease and refrain from taking any such action; and

(ix)to the extent any legal or structural impediment arises that would prevent, hinder or delay the consummation of the Restructuring, negotiate with the Debtor and the other Consenting Stakeholder in good faith appropriate additional or alternative provisions to address any such legal or structural impediment to the Restructuring, *provided that* no Consenting Stakeholder shall be obligated to agree to any such alternative provision that has or could materially affect the form, substance, or amount of such Consenting Stakeholder's recovery or any of the rights or remedies available to it under this Agreement or otherwise contemplated pursuant to this Agreement, the Restructuring Term Sheet, the Definitive Documents, or the Restructuring, in each case in an adverse manner.

**b. Transfers.**

(i) During the Support Period, no Consenting Stakeholder shall (A) sell, transfer, assign, pledge, grant a participation interest in, or otherwise dispose of, directly or indirectly, any of its right, title, or interest in respect of any of such Consenting Stakeholder's Unsecured Notes Claims and Equity Interests against or in the Company, as applicable, in whole or in part, or (B) deposit any of such Consenting Stakeholder's Claims or Equity Interests against or in the Debtor, as applicable, into a voting trust, or grant any proxies, or enter into a voting agreement with respect to any such Claims or Equity Interests (the actions described in Clauses (A) and (B) are collectively referred to herein as a "**Transfer**" and the Consenting Stakeholder making such Transfer is referred to herein as the "**Transferor**"), unless such Transfer is to another Consenting Stakeholder or any other entity (a "**Transferee**") that first agrees in writing to be bound by the terms of this Agreement by executing and delivering to the Company a Joinder Agreement. With respect to Claims against or interests in the Debtor held by the relevant Transferee upon consummation of a Transfer in accordance herewith, such Transferee is deemed to make all of the representations, warranties, and covenants of a Consenting Noteholder or Consenting Equity Interest Holder, as applicable, set forth in this Agreement as of the date of such Transfer. Upon compliance with the foregoing, the Transferor shall be deemed to relinquish its rights (and be released from its obligations, except for any claim for breach of this Agreement that occurs prior to such Transfer and any remedies with respect to such claim) under this Agreement to the extent of such transferred rights and obligations. Any Transfer made in violation of this Section 3.b shall be deemed null and void *ab initio* and of no force or effect, regardless of any prior notice provided

to the Company and/or any Consenting Stakeholder and shall not create any obligation or liability of the Company or any other Consenting Stakeholder to the purported Transferee.

(ii) Notwithstanding anything to the contrary herein, (A) the foregoing Clause of this Section 3.b shall not preclude any Consenting Stakeholder from transferring Unsecured Notes Claims or Equity Interests to Affiliates of such Consenting Stakeholder that such Consenting Stakeholder controls (each, a “**Consenting Stakeholder Affiliate**”), which Consenting Stakeholder Affiliate shall be automatically bound by this Agreement upon the Transfer of such Unsecured Notes Claims or Equity Interests; and (B) a Qualified Marketmaker that acquires any of the Unsecured Notes Claims or Equity Interests with the purpose and intent of acting as a Qualified Marketmaker for such Unsecured Notes Claims or Equity Interests shall not be required to execute and deliver to counsel a Joinder Agreement or otherwise agree to be bound by the terms and conditions set forth in this Agreement if such Qualified Marketmaker Transfers such Unsecured Notes Claims or Equity Interests (by purchase, sale, assignment, participation, or otherwise) to a Consenting Stakeholder or a Transferee that executes a Joinder Agreement; *provided* that if a Consenting Stakeholder is acting in its capacity as a Qualified Marketmaker, it may Transfer any Claims that it acquires that are not Consenting Claims (i.e., received by such Qualified Marketmaker from a holder that is not a Consenting Stakeholder) without such Transfer being subject to this Section 3.b.

(iii) This Section 3.b shall not impose any obligation on the Company to issue any “cleansing letter” or otherwise publicly disclose information for the purpose of enabling a Consenting Stakeholder to Transfer any Claim or Equity Interest. Notwithstanding anything to the contrary herein, to the extent the Company and another Party have entered into a separate agreement with respect to the issuance of a “cleansing letter” or other public disclosure of information (each such executed agreement, a “**Confidentiality Agreement**”), the terms of such Confidentiality Agreement shall continue to apply and remain in full force and effect according to its terms, and this Agreement does not supersede any rights or obligations otherwise arising under such Confidentiality Agreement.

(iv) The Company understands that certain of the Consenting Stakeholders are engaged in a wide range of financial services and businesses and, in furtherance of the foregoing, the Company acknowledges and agrees that the obligations set forth in this Agreement shall only apply to the trading desk(s) and/or business group(s) of the Consenting Stakeholders that principally manage(s) and/or supervise(s) the Consenting Stakeholder’s investment in the Company, and shall not apply to any other trading desk or business group of the Consenting Stakeholder, so long as they are not acting at the direction or for the benefit of such Consenting Stakeholder or in connection with such Consenting Stakeholder’s investment in the Company.

#### 4. Additional Provisions Regarding Consenting Stakeholder Commitments.

Notwithstanding anything to the contrary herein, nothing in this Agreement shall:

a. be construed to prohibit any Consenting Stakeholder from appearing as a party-in-interest in any matter arising in the Chapter 11 Case;

b. be construed to prohibit any Consenting Noteholder or Consenting Equity Interest Holder from enforcing any right, remedy, condition, consent, or approval requirement under this Agreement or any Definitive Document, as applicable;

c. affect the ability of any Consenting Stakeholder to consult with any other Consenting Stakeholder, the Company, or any other party in interest;

d. impair or waive the rights of any Consenting Noteholder or Consenting Equity Interest Holder to assert or raise any objection not prohibited under this Agreement or any other Definitive Document, as applicable, in connection with the Restructuring;

e. solely with respect to the Consenting Noteholders and not the Consenting Equity Interest Holders, preclude any Consenting Noteholder from contesting whether any matter, fact, or thing is a breach of, or inconsistent with, this Agreement or the Definitive Documents and exercising any rights or remedies under this Agreement or any Definitive Documents;

f. solely with respect to the Consenting Equity Interest Holders and not the Consenting Noteholders, preclude any Consenting Equity Interest Holders from contesting whether any matter, fact, or thing is a breach of, or inconsistent with, this Agreement and exercising any rights or remedies under this Agreement;

g. solely with respect to the Consenting Noteholders and not the Consenting Equity Interest Holders, constitute a waiver or amendment of any term or provision of the Unsecured Notes Indenture;

h. require any Consenting Stakeholder to incur, assume, or become liable for any financial or other liability or obligation other than as expressly described in this Agreement;

i. prevent any Consenting Stakeholder from taking any customary perfection step or other action as is necessary to preserve or defend the validity, existence, and priority of its Claims or Equity Interests or any lien securing any such Claim or Equity Interest (including the filing of proofs of claim);

j. limit the ability of any Consenting Stakeholder to purchase, sell, or enter into any transactions regarding the Unsecured Notes Claims and Equity Interests, subject Section 3.b above; or

k. solely with respect to the Consenting Noteholders and not the Consenting Equity Interest Holders, require that any Consenting Noteholder give any notice, order, instruction, or direction to any administrative agent, collateral agent or indenture trustee (as applicable) or other such agent or trustee if the Consenting Noteholders are required to incur any out-of-pocket costs or provide any indemnity (or confer similar rights) in connection therewith.

5. **Agreements of the Company.**

a. **Restructuring Support.** During the Support Period, subject to the terms and conditions hereof (including **Section 9** of this Agreement), the Company agrees that it shall:

(i) implement the Restructuring in accordance with the terms and conditions set forth herein, the Restructuring Term Sheet, and the Definitive Documents;

(ii) solely with respect to the Consenting Noteholders and not the Consenting Equity Interest Holders, upon reasonable request, inform the Initial Consenting Noteholder Advisors as to: (A) the material business and financial (including liquidity) performance of the Company; and (B) the status of obtaining any necessary or desirable authorizations (including consents) from each Consenting Noteholder, any competent judicial body, governmental authority, banking, taxation, supervisory, or regulatory body or any stock exchange;

(iii)(A) support and take all commercially reasonable actions necessary and appropriate, including those actions reasonably requested by the Required Consenting Stakeholder, in each case, to facilitate the Restructuring, and the other transactions contemplated thereby, in accordance with this Agreement within the timeframes contemplated herein; (B) not take any action directly or indirectly that is inconsistent in any material respect with, or is intended to, or that would reasonably be expected to prevent, interfere with, delay, or impede, the Restructuring or any Definitive Document; (C) not, nor encourage any other Person to, take any action which would reasonably be expected to breach or be inconsistent in any material respect with this Agreement or delay or impede, appeal, or take any other negative action, directly or indirectly, to materially interfere with any Definitive Document or the Restructuring and (D) use commercially reasonable efforts to obtain orders of the Bankruptcy Court approving the Combined Order within the timeframes contemplated in this Agreement;

(iv) maintain good standing under the laws of the state or other jurisdiction in which the Company and each subsidiary is incorporated or organized;

(v) to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the Restructuring contemplated herein, support and take all steps reasonably necessary and desirable to address any such impediment and to effectuate the Restructuring in accordance with this Agreement;

(vi) not take any action, and not encourage any other Person or entity to, take any action, directly or indirectly, that would reasonably be expected to, breach or be inconsistent with this Agreement, or take any other action, directly or indirectly, that would reasonably be expected to interfere with the implementation of the Restructuring, the Plan, or this Agreement;

(vii) provide to the Initial Consenting Noteholder Advisors draft copies of all Definitive Documents and all other material pleadings, motions, declarations, supporting exhibits and proposed orders that the Company intends to File with the Bankruptcy Court, to the extent practicable, at least one (1) calendar day prior to the date when the Company intends to File or execute such documents and consult in good faith with the Initial Consenting Noteholder Advisors regarding the form and substance of such documents;

(viii) timely File a formal objection to any motion Filed with the Bankruptcy Court by a third party seeking the entry of an order (A) directing the appointment of a

trustee or examiner (with expanded powers beyond those set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code), (B) converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, or (C) dismissing the Chapter 11 Case;

(ix) support and take all actions as are necessary and appropriate to obtain any and all required regulatory and/or third-party approvals to consummate the Restructuring and to cooperate with any efforts undertaken by the Consenting Stakeholders with respect to obtaining any required regulatory or third-party approvals in connection with the Restructuring; actively oppose and object to the efforts of any person seeking to object to, delay, impede, or take any other action to interfere with the acceptance, implementation, or consummation of the Plan or the Restructuring (including, if applicable, the filing of objections or written responses);

(x) consult and negotiate in good faith with the Consenting Noteholders and the Initial Consenting Noteholder Advisors regarding the execution of Definitive Documents and the implementation of the Restructuring;

(xi) timely File a formal objection to any motion Filed with the Bankruptcy Court by a third party seeking the entry of an order modifying or terminating the Company's exclusive right to File and/or solicit acceptances of a plan reorganization;

(xii) inform the Initial Consenting Noteholder Advisors and the Consenting Equity Interest Holders in writing (with email being sufficient) promptly, and in any event within two (2) calendar days after becoming aware of: (a) any matter or circumstance which it knows, or believes is likely, to be an impediment to the implementation or consummation of the Restructuring or the Plan (and oppose such matter or circumstance); (b) any notice of any commencement of any involuntary insolvency proceedings, legal suit for payment of debt or securement of security from or by any Person in respect of the Company or any subsidiary thereof (and oppose such proceeding, suit, or securement); (c) a material breach of this Agreement by the Company (and take all practicable steps to remedy such breach); and (d) any representation or statement made or deemed to be made by it under this Agreement which is or proves to have been incorrect or misleading in any material respect when made or deemed to be made (and take all practicable steps to remedy such representation or statement);

(xiii) use commercially reasonable efforts to seek additional support for the Restructuring from their other material stakeholders; and

(xiv) except to the extent permitted by Section 9 hereof, not, directly or indirectly, seek, solicit, support, encourage, propose, negotiate, discuss, assist, consent to, vote for, or enter into any agreement with any non-Party regarding, any Alternative Transaction; *provided that*, if the Company receives an unsolicited written or oral proposal or expression of interest regarding any Alternative Transaction, the Company shall provide copies of any written proposals and all documentation received in connection therewith (and notice and description of any oral proposals) for any Alternative Transactions to the Initial Consenting Noteholder Advisors on a professional eyes only basis no later than one (1) calendar day following receipt thereof by the Company; *provided that* if the Company is bound by a binding Confidentiality Agreement that prohibits the Company from providing the Initial Consenting Noteholder Advisors with a copy of

any written proposal, the Company shall only be obligated to provide a summary of all material terms thereof to the Initial Consenting Noteholder Advisors.

b. Negative Covenants. The Company agrees that, for the duration of the Support Period, the Company shall not:

(i) take any action inconsistent with, or omit to take any material action required by, this Agreement, the Restructuring Term Sheet, the Plan, or any of the other Definitive Documents;

(ii) object to, delay, impede, or take any other action or inaction that could reasonably be expected to interfere with or prevent acceptance, approval, implementation, or consummation of the Restructuring; or

(iii) engage in any merger, consolidation, disposition, acquisition, investment, dividend, incurrence of indebtedness or other similar transaction outside of the ordinary course of business other than the transactions contemplated herein in connection with the Restructuring.

Notwithstanding anything herein to the contrary, nothing in this Agreement shall restrict the Company's rights under Section 9 hereof.

## **6. Termination of Agreement.**

a. Consenting Noteholder Termination Events. This Agreement may be terminated with respect to the Consenting Noteholders by the Required Consenting Noteholders by the delivery to the Company and its counsel, of a written notice in accordance with Section 21 hereof upon the occurrence and continuation of any of the following events (each, a "*Consenting Noteholder Termination Event*"):

(i) the breach by the Company of (A) any affirmative or negative covenant contained in this Agreement or (B) any other obligation set forth in this Agreement, in each case, in any material respect and which breach remains uncured (to the extent curable) for a period of ten (10) Business Days following the Company's receipt of notice from the Required Consenting Noteholders pursuant to Section 21 hereof;

(ii) any representation or warranty in this Agreement made by the Company shall have been untrue in any material respect when made, and such breach remains uncured (to the extent curable) for a period of ten (10) Business Days following the Company's receipt of notice from the Required Consenting Noteholders pursuant to Section 21 hereof;

(iii) the Debtor Files any motion, pleading, or related document with the Bankruptcy Court that is inconsistent with this Agreement, the Restructuring Term Sheet, the Plan, or the Definitive Documents in any material respect, and such motion, pleading or related document has not been withdrawn within ten (10) Business Days after the Company receives written notice from the Required Consenting Noteholders in accordance with Section 21 that such motion, pleading, related document or public disclosure is inconsistent with this Agreement;

(iv)the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment, or order enjoining, or denying the grant of any approval or consent to, the Restructuring or the consummation of any portion of the Restructuring or the Plan or rendering illegal any portion thereof, and either (A) such ruling, judgment, or order has been issued at the request of or with the acquiescence of the Company, or (B) in all other circumstances, such ruling, judgment, or order has not been reversed, vacated or stayed within fifteen (15) calendar days after such issuance (or as soon thereafter as practicable subject to the availability of the court, governmental or regulatory authority, or other body issuing such ruling, judgment, or order); *provided* that this termination right may not be exercised by any Consenting Noteholder who sought or requested such ruling or order in contravention of any obligation set forth in this Agreement;

(v) the Bankruptcy Court (or other court of competent jurisdiction) enters an order (A) directing the appointment of an examiner with expanded powers or a trustee in the Chapter 11 Case, (B) converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, (C) dismissing the Chapter 11 Case, or (D) the effect of which would render the Plan incapable of consummation on the terms set forth in this Agreement;

(vi)except as specifically contemplated by this Agreement, without the prior consent of the Required Consenting Noteholders, the Company (A) voluntarily commences any case or Files any petition seeking bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, administrative receivership or similar law now or hereafter in effect except consistent with this Agreement, (B) consents to the institution of, or fails to contest in a timely and appropriate manner, any involuntary proceeding or petition described below, (C) Files an answer admitting the allegations of a petition Filed against it in any proceeding, (D) applies for or consents to the appointment of a receiver, administrator, administrative receiver, trustee, custodian, sequestrator, conservator or similar official, trustee or an examiner pursuant to section 1104 of the Bankruptcy Code in the Chapter 11 Case, (E) makes a general assignment or arrangement for the benefit of creditors or (F) takes any corporate action for the purpose of authorizing any of the foregoing;

(vii)the Company Files or supports (or fails to timely object to) another party in filing (A) a motion, application, pleading, or proceeding challenging the amount, validity, enforceability, perfection, or priority of, or seeking avoidance or subordination of, any Claims held by any Consenting Noteholder against the Company, (B) any plan of reorganization, liquidation, dissolution, administration, moratorium, receivership, winding up, bankruptcy, or sale of all or substantially all of the Company's assets other than as contemplated by this Agreement, (C) a motion, application, pleading or proceeding asserting (or seeking standing to assert) any purported claims or Causes of Action against any of the Consenting Noteholders, or (D) takes any corporate action for the purpose of authorizing any of the foregoing;

(viii)the Company (A) applies for or consents to the appointment of a receiver, administrator, administrative receiver, trustee, custodian, sequestrator, conservator or similar official with respect to the Company or for a substantial part of the Company's assets, (B) makes a general assignment or arrangement for the benefit of creditors, or (C) takes any corporate action for the purpose of authorizing any of the foregoing;



(ix) the Bankruptcy Court enters an order providing relief against any Consenting Noteholder with respect to any of the Causes of Action or proceedings specified in Section 6.a(vii)(A) or (C);

(x) (A) any Definitive Document or any related order entered by the Bankruptcy Court, in the Chapter 11 Case, is inconsistent with the terms and conditions set forth in this Agreement (including the Restructuring Term Sheet) or is otherwise not in accordance with this Agreement (including the Restructuring Term Sheet) in any respect, or (B) any of the terms or conditions of any of the Definitive Documents is waived, amended, supplemented, or otherwise modified without the prior written consent of the Required Consenting Noteholders, in each case, which remains uncured for ten (10) Business Days after the receipt by the Company of written notice from the Required Consenting Noteholders pursuant to Section 21 hereof;

(xi) any of the Milestones have not been achieved, extended, or waived after the required date for achieving such Milestone, unless such failure is primarily the result of any act, omission, or delay on the part of a Consenting Noteholder in violation of its obligations under this Agreement;

(xii) any court of competent jurisdiction has entered a final, non-appealable judgment or order declaring this Agreement to be unenforceable;

(xiii) the Company (a) publicly announces its intention not to support the Plan or the Restructuring, (b) provides notice to the Initial Consenting Noteholder Advisors pursuant to Section 9 of this Agreement that it intends to terminate this Agreement pursuant to Section 7(a)(vi), or (c) publicly announces, or executes a definitive written agreement with respect to, an Alternative Transaction.

**b. Consenting Equity Interest Holder Termination Events.** This Agreement may be terminated by each Consenting Equity Interest Holder, solely with respect to such Consenting Equity Interest Holder, by the delivery to the Company and its counsel, of a written notice in accordance with Section 21 hereof upon the occurrence and continuation of any of the following events, to the extent such event has a material and adverse impact on the economic recovery of such Consenting Equity Interest Holder (each, an “***Equity Interest Termination Event***”):

(i) the breach by the Company of (A) any affirmative or negative covenant contained in this Agreement or (B) any other obligation set forth in this Agreement, in each case, in any material respect and which breach remains uncured (to the extent curable) for a period of fifteen (15) Business Days following the Company’s receipt of notice from the Consenting Equity Interest Holders pursuant to Section 21 hereof;

(ii) any representation or warranty in this Agreement made by the Company shall have been untrue in any material respect when made, and such breach remains uncured (to the extent curable) for a period of fifteen (15) Business Days following the Company’s receipt of notice from the Consenting Equity Interest Holders pursuant to Section 21 hereof;

(iii) the Debtor Files any motion, pleading, or related document with the Bankruptcy Court that is inconsistent with this Agreement, the Restructuring Term Sheet, the Plan,

or the Definitive Documents in any material respect, and such motion, pleading or related document has not been withdrawn within ten (10) Business Days after the Company receives written notice from the Consenting Equity Interest Holders in accordance with Section 21 that such motion, pleading, related document or public disclosure is inconsistent with this Agreement;

(iv) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment, or order enjoining, or denying the grant of any approval or consent to, the Restructuring or the consummation of any portion of the Restructuring or the Plan or rendering illegal any portion thereof, and either (A) such ruling, judgment, or order has been issued at the request of or with the acquiescence of the Company, or (B) in all other circumstances, such ruling, judgment, or order has not been reversed, vacated or stayed within fifteen (15) calendar days after such issuance (or as soon thereafter as practicable subject to the availability of the court, governmental or regulatory authority, or other body issuing such ruling, judgment, or order); *provided* that this termination right may not be exercised by any Consenting Equity Interest Holders who sought or requested such ruling or order in contravention of any obligation set forth in this Agreement;

(v) the Bankruptcy Court (or other court of competent jurisdiction) enters an order (A) directing the appointment of an examiner with expanded powers or a trustee in the Chapter 11 Case, (B) converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, (C) dismissing the Chapter 11 Case, or (D) the effect of which would render the Plan incapable of consummation on the terms set forth in this Agreement;

(vi) except as specifically contemplated by this Agreement, without the prior consent of the Consenting Equity Interest Holders, the Company (A) voluntarily commences any case or Files any petition seeking bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, administrative receivership or similar law now or hereafter in effect except consistent with this Agreement, (B) consents to the institution of, or fails to contest in a timely and appropriate manner, any involuntary proceeding or petition described below, (C) Files an answer admitting the allegations of a petition Filed against it in any proceeding, (D) applies for or consents to the appointment of a receiver, administrator, administrative receiver, trustee, custodian, sequestrator, conservator or similar official, trustee or an examiner pursuant to section 1104 of the Bankruptcy Code in the Chapter 11 Case, (E) makes a general assignment or arrangement for the benefit of creditors or (F) takes any corporate action for the purpose of authorizing any of the foregoing;

(vii) the Company Files or supports (or fails to timely object to) another party in filing (A) a motion, application, pleading, or proceeding challenging the amount, validity, enforceability, perfection, or priority of, or seeking avoidance or subordination of, any Equity Interests held by any Consenting Equity Interest Holders against the Company, (B) any plan of reorganization, liquidation, dissolution, administration, moratorium, receivership, winding up, bankruptcy, or sale of all or substantially all of the Company's assets other than as contemplated by this Agreement, (C) a motion, application, pleading or proceeding asserting (or seeking standing to assert) any purported claims or Causes of Action against any of the Consenting Equity Interest Holders, or (D) takes any corporate action for the purpose of authorizing any of the foregoing;

(viii)the Company (A) applies for or consents to the appointment of a receiver, administrator, administrative receiver, trustee, custodian, sequestrator, conservator or similar official with respect to the Company or for a substantial part of the Company’s assets, (B) makes a general assignment or arrangement for the benefit of creditors, or (C) takes any corporate action for the purpose of authorizing any of the foregoing;

(ix)the Bankruptcy Court enters an order providing relief against any Consenting Equity Interest Holders with respect to any of the Causes of Action or proceedings specified in Section 6.b(vii)(A) or (C);

(x) any court of competent jurisdiction has entered a final, non-appealable judgment or order declaring this Agreement to be unenforceable;

(xi)the Company (a) publicly announces its intention not to support the Plan or the Restructuring, (b) provides notice to the Consenting Equity Interest Holders pursuant to Section 9 of this Agreement that it intends to terminate this Agreement pursuant to Section 7(b)(iv), or (c) publicly announces, or executes a definitive written agreement with respect to, an Alternative Transaction.

Notwithstanding anything to the contrary herein, this Agreement may not be terminated as to the Consenting Noteholders on account of any Consenting Equity Interest Holder Termination Event.

c. Company Termination Events. This Agreement may be terminated by the Company by the delivery to the Consenting Equity Interest Holders and Consenting Noteholders (or the Initial Consenting Noteholder Advisors) of a written notice in accordance with Section 21 hereof, upon the occurrence and continuation of any of the following events (each, a “**Company Termination Event**”):

(i) any representation, warranty, or covenant in this Agreement by any Consenting Noteholder and any Consenting Equity Interest Holder shall have been untrue in any material respect when made, and such breach remains uncured (to the extent curable) for a period of ten (10) Business Days after the receipt by the applicable Consenting Noteholder from the Company of written notice of such breach, which written notice will set forth in reasonable detail the alleged breach; *provided* that such breach shall not constitute a Company Termination Event in the event the non-breaching Consenting Noteholders Beneficially Own 66 2/3% or more in aggregate principal amount outstanding of Unsecured Notes Claims at the time of such breach; *provided, further*, that notwithstanding the immediately preceding proviso, the Company shall only be entitled to terminate this Agreement solely with respect to the breaching Consenting Noteholder(s) or the breaching Consenting Equity Interest Holder(s), as applicable;

(ii)the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling, judgment, or order enjoining the consummation of or rendering illegal the Restructuring or any material portion thereof, and either (A) such ruling, judgment, or order has been issued at the request of (or agreement by) a Consenting Noteholder, or (B) in all other circumstances, such ruling, judgment, or order has not been reversed or vacated within thirty (30) calendar days after such issuance;

(iii) the Consenting Noteholders fail to Beneficially Own at least 66 2/3% in aggregate principal amount outstanding of the Unsecured Notes Claims;

(iv) the Bankruptcy Court (or other court of competent jurisdiction) enters an order (A) directing the appointment of an examiner with expanded powers or a trustee in the Chapter 11 Case, (B) converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, (C) dismissing the Chapter 11 Case, or (D) the effect of which would render the Plan incapable of confirmation or consummation on the terms set forth in this Agreement;

(v) the board of directors or managers or similar governing body, as applicable, of the Company determines (after consulting with counsel which may be external) and has provided notice to counsel to the Initial Consenting Noteholder Advisors and the Consenting Equity Interest Holders in accordance with Section 9 hereof (A) that continued performance under this Agreement (including taking any action or refraining from taking any action) would be inconsistent with the exercise of its fiduciary duties under applicable law or (B) in the exercise of its fiduciary duties to pursue an Alternative Transaction; or

(vi) any court of competent jurisdiction has entered a final, non-appealable judgment or order declaring this Agreement to be unenforceable.

d. Mutual Termination. This Agreement may be terminated in writing by mutual agreement of the Company, the Required Consenting Noteholders, and the Consenting Equity Interest Holders (a “**Mutual Termination Event**”).

e. Automatic Termination. This Agreement shall terminate automatically without any further required action or notice upon the occurrence of the Plan Effective Date (collectively with the Consenting Noteholder Termination Events, the Consenting Equity Interest Holder Termination Events, the Company Termination Events, and the Mutual Termination Event, the “**Termination Events**”).

f. Effect of Termination. Upon any termination of this Agreement in accordance with this Section 6, this Agreement shall forthwith become null and void and of no further force or effect as to any Party, and each Party shall, except as provided otherwise in this Agreement, be immediately released from its liabilities, obligations, commitments, undertakings, and agreements under or related to this Agreement and shall have all the rights and remedies that it would have had and shall be entitled to take all actions that it would have been entitled to take had it not entered into this Agreement; *provided* that in no event shall any such termination relieve a Party from liability for its breach or non-performance of its obligations hereunder that arose prior to the date of such termination or any obligations hereunder that expressly survive termination of this Agreement under Section 15 hereof, and *provided further*, that notwithstanding anything to the contrary herein, the right to terminate this Agreement under this Section 6 shall not be available to any Party whose failure to fulfill any material obligation under this Agreement has been the primary cause of, or resulted in, the occurrence of the applicable Termination Event. Upon the termination of this Agreement that is limited in its effectiveness as to an individual Party or Parties in accordance with this Section 6: (i) this Agreement shall become null and void and of no further force or effect with respect to the terminated Party or Parties, who shall be immediately released from its or their liabilities, obligations, commitments, undertakings, and agreements under or

related to this Agreement and shall have all the rights and remedies that it or they would have had and such Party or Parties shall be entitled to take all actions that it or they would have been entitled to take had it or they not entered into this Agreement; *provided*, the terminated Party or Parties shall not be relieved of any liability for breach or non-performance of its or their obligations hereunder that arose prior to the date of such termination or any obligations hereunder that expressly survive termination of this Agreement under Section 15 hereof; and (ii) this Agreement shall remain in full force and effect with respect to all Parties other than the terminated Party or Parties. The Company acknowledges that, after the Petition Date, the giving of notice of termination by any Party pursuant to this Agreement shall not be considered a violation of the automatic stay of section 362 of the Bankruptcy Code.

**7. Definitive Documents; Good Faith Cooperation; Further Assurances.**

Subject to the terms and conditions described herein, during the Support Period, each Party, severally and not jointly, hereby covenants and agrees to reasonably cooperate with each other in good faith in connection with, as applicable, the negotiation, drafting, execution (to the extent such Party is a party thereto), consummation, and delivery of the Definitive Documents. Furthermore, subject to the terms and conditions hereof, each of the Parties shall take such action as may be reasonably necessary or reasonably requested by the other Parties to carry out the purposes and intent of this Agreement, including making and filing any required regulatory filings. Each Definitive Document shall be in form and substance consistent with this Agreement and with the Plan and otherwise acceptable to the Debtor and reasonably acceptable to the Required Consenting Noteholders; *provided*, that the New Governance Documents shall be acceptable to the Required Consenting Noteholders in their discretion.

**8. Representations and Warranties.**

**a.** Each Party, severally and not jointly, represents and warrants to the other Parties that the following statements are true, correct, and complete as of the date hereof (or, in the case of any Consenting Noteholder who becomes a party hereto after the date hereof, as of the date such Consenting Noteholder becomes a party hereto):

(i) such Party is validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all requisite corporate, partnership, limited liability company, or similar authority to enter into this Agreement and carry out the transactions contemplated hereby and perform its obligations contemplated hereunder; and the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized by all necessary corporate, limited liability company, partnership, or other similar action on its part;

(ii) the execution, delivery, and performance by such Party of this Agreement does not and will not (A) violate any provision of law, rule, or regulation applicable to it, its charter, or bylaws (or other similar governing documents), or (B) conflict with, result in a breach of, or constitute a default under any material contractual obligation to which it is a party (*provided, however*, that with respect to the Company, it is understood that commencing the Chapter 11 Case may result in a breach of or constitute a default under such obligations);

(iii) this Agreement is, and each of the other Definitive Documents to which such Party is a party prior to its execution and delivery will be, duly authorized;

(iv) except as expressly provided in this Agreement or the Bankruptcy Code, the execution, delivery, and performance by such Party of this Agreement does not and will not require any registration or filing with, consent or approval of or notice to, or other action with or by, any federal, state, or governmental authority or regulatory body, except such filings as may be necessary and/or required by the Bankruptcy Court; and

(v) this Agreement is, and each of the Definitive Documents to which such Party becomes a party will be following execution and delivery thereof, the legally valid and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or a ruling of the Bankruptcy Court.

b. Each Consenting Stakeholder severally (and not jointly) represents and warrants to the Company that, as of the date hereof (or, if later, as of the date such Consenting Stakeholder becomes a party hereto), (i) such Consenting Stakeholder is the Beneficial Owner of (or investment manager, advisor, or subadvisor to one or more Beneficial Owners of) the aggregate principal amount of Unsecured Note Claims or Equity Interests set forth below its name on the signature page hereto (or below its name on the signature page of a Joinder Agreement for any Consenting Stakeholder that becomes a Party hereto after the date hereof), (ii) such Consenting Stakeholder has, with respect to such Unsecured Notes Claims or Equity Interests, (A) sole investment or voting discretion, (B) full power and authority to vote on and consent to matters concerning such Unsecured Notes Claims or Equity Interests, and to exchange, assign, and transfer such Unsecured Notes Claims or Equity Interests, and (C) full power and authority to bind or act on behalf of the Beneficial Owners of such Unsecured Notes Claims or Equity Interests, (iii) other than pursuant to this Agreement, such Unsecured Notes Claims or Equity Interests, as applicable, are free and clear of any pledge, lien, security interest, charge, claim, option, proxy, voting restriction, right of first refusal, or other limitation on disposition or encumbrance of any kind, that would prevent in any way such Consenting Stakeholder's performance of its obligations contained in this Agreement at the time such obligations are required to be performed, and (iv) such Consenting Stakeholder is not the Beneficial Owner of (or investment manager, advisor, or subadvisor to one or more Beneficial Owners of) any other Claims or Equity Interests against (or in) Vroom.

c. The Company represents and warrants to the Consenting Stakeholders that the aggregate unvested Equity Interests issuable pursuant to the Existing Equity Awards are no more than 135,000 shares of common stock of the Company underlying restricted stock and 25,911 shares of common stock of the Company underlying stock options, as of September 30, 2024, with a weighted average exercise price of \$514.33.

## 9. Additional Provisions Regarding Company's Commitments.

a. Nothing in this Agreement shall require any director, manager or officer of the Company, acting in good faith and after consultation with counsel (which may be external) to

take or refrain from taking any action inconsistent with his, her or its fiduciary duties to the Company. No action or inaction on the part of any director, manager or officer of the Company that such director, manager or officer believes in good faith (after consultation with counsel which may be external) is required by his, or its fiduciary duties to the Company shall be limited or precluded by this Agreement; *provided, however*, that, if the Company or director, manager, or officer thereof decides, in the exercise of its fiduciary duties acting in good faith after consultation with counsel (which may be outside counsel), to (i) pursue, assist, consent to, vote for, or enter into any agreement with any non-Party regarding, any unsolicited Alternative Transaction in accordance with this Section 9, or (ii) that proceeding with the Restructuring would be inconsistent with the exercise of its fiduciary duties or applicable law, the Company shall give prompt, and in any event on not less than one (1) calendar days written notice (with email being sufficient) to the Initial Consenting Noteholder Advisors and the Consenting Equity Interest Holders. Upon any such determination, the other Parties to this Agreement shall be immediately and automatically relieved of any obligation to comply with their respective covenants and agreements herein.

b. Notwithstanding anything to the contrary in this Agreement, but subject to the terms of Section 9.a, the Company and its respective directors, officers, employees, investment bankers, attorneys, accountants, consultants, and other advisors or Representatives shall have the right to: (i) consider any unsolicited proposals for Alternative Transactions, (ii) provide access to non-public information concerning the Company to any person or enter into Confidentiality Agreements or nondisclosure agreements with any person in connection with an unsolicited proposal for an Alternative Transaction (or the exploration or formulation of the same); (iii) receive, respond to, maintain and continue discussions with respect to any such unsolicited proposal for an Alternative Transaction if such Person or entity determines, in good faith upon advice of counsel (which may be outside counsel) that failure to take such action would be inconsistent with the fiduciary duties of such Person under applicable law; and (iv) enter into or continue discussions or negotiations with any Consenting Stakeholders, any official committee and/or the United States Trustee regarding the Restructuring or any unsolicited proposal for an Alternative Transaction.

c. Notwithstanding anything to the contrary herein, nothing in this Agreement shall create or impose any additional fiduciary obligations upon the Company or any of the Consenting Stakeholders, or any members, partners, managers, managing members, officers, directors, employees, advisors, principals, attorneys, professionals, accountants, investment bankers, consultants, agents or other Representatives of the same or their respective affiliated entities, in such Person's capacity as a member, partner, manager, managing member, officer, director, employee, advisor, principal, attorney, professional, accountant, investment banker, consultant, agent or other Representative of such Party, that such entities did not have prior to the Agreement Effective Date.

d. Nothing in this Agreement shall: (i) impair or waive the rights of the Company to assert or raise any objection permitted under this Agreement in connection with the Restructuring, or (ii) prevent the Company from enforcing this Agreement or contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement.



**10. Filings and Public Statements.**

To the extent reasonably practicable, the Company shall submit drafts to the Initial Consenting Noteholder Advisors of any press releases and communications plans with respect to the Restructuring and public documents and any and all filings with the SEC or the Bankruptcy Court that constitute disclosure of the existence or terms of this Agreement or any amendment to the terms of this Agreement at least one (1) calendar day prior to making any such disclosure, publicizing any such press release, or implementing such communications plan, and in each case shall reasonably consult with the Consenting Noteholder Advisors with respect to the contents thereof. Except as required by law or otherwise expressly permitted under the terms of any other agreement between the Company on the one hand, and any Consenting Stakeholder, on the other hand, no Party or its advisors (including counsel to any Party) shall (a) use the name of any Consenting Noteholder in any public manner (including any press release) relating to this Agreement, the Restructuring or the Plan, unless such Consenting Noteholder otherwise agrees, (b) use the name of any Consenting Equity Interest Holder in any press release relating to this Agreement, the Restructuring or the Plan, unless such Consenting Equity Interest Holder otherwise agrees, or (c) disclose to any Person (including other Consenting Noteholders), other than the Company Advisors, the principal amount or percentage of any Claims or Equity Interests or any other securities of the Company held by any other Party, in each case, without such Party's prior written consent; *provided* that (i) if such disclosure is required by law, subpoena, or other legal process or regulation, the disclosing Party shall afford the relevant Party a reasonable opportunity to review and comment in advance of such disclosure and shall take all reasonable measures to limit such disclosure (including by way of a protective order) and (ii) the foregoing shall not prohibit the disclosure of the aggregate percentage or aggregate principal amount of Unsecured Notes Claims or Equity Interests held by all the Consenting Noteholders. Any public filing of this Agreement with the Bankruptcy Court or the SEC shall not include the executed signature pages to this Agreement. Nothing contained herein shall be deemed to waive, amend or modify the terms of any confidentiality or non-disclosure agreement between the Company and any Consenting Noteholder.

**11. Amendments and Waivers.**

a. This Agreement, including any exhibits or schedules hereto, may not be waived, modified, amended, or supplemented except in accordance with this Section 11.

b. During the Support Period, this Agreement, including any exhibits or schedules hereto, may not be waived, modified, amended, or supplemented except in a writing signed by the Company and the Required Consenting Noteholders, *provided* that:

(i) any waiver, modification, amendment, or supplement to this Section 11 shall require the prior written consent of (a) the Debtor, (b) the Consenting Noteholders, and (c) the Consenting Existing Equity Holders;

(ii) any waiver, modification, amendment, or supplement to the definition of "Required Consenting Noteholders" shall require the prior written consent of each Consenting Noteholder;

(iii) any waiver, modification, amendment, or supplement to this Agreement that has a material adverse effect on the economic recovery of a Consenting Stakeholder shall require the prior written consent of such Consenting Stakeholder; and

(iv) any waiver, modification, amendment, or supplement to this Agreement that has a material adverse effect on a Consenting Noteholder that is disproportionate to the effect it has on the other Consenting Noteholders shall require the prior written consent of such Consenting Noteholder.

c. Amendments to any Definitive Document shall be governed as set forth in such Definitive Document.

d. Any consent required to be provided pursuant to this Section 11 may be delivered by email from counsel to the Consenting Equity Interest Holders or the Initial Consenting Noteholder Advisors, as applicable.

e. Any proposed waiver, modification, amendment or supplement that does not comply with this Section 11 shall be ineffective and void *ab initio*.

f. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy or any provision of this Agreement, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise of such right, power or remedy or the exercise of any other right, power or remedy. All remedies under this Agreement are cumulative and are not exclusive of any other remedies provided by Law.

## 12. Effectiveness.

This Agreement shall become effective and binding on the Parties on the Agreement Effective Date; *provided* that signature pages executed by Consenting Noteholders shall be delivered to (a) other Consenting Noteholders, and counsel to other Consenting Noteholders (if applicable), in a redacted form that removes such Consenting Noteholder's holdings of Claims and Equity Interests and any schedules to such Consenting Noteholder's holdings (if applicable) and (b) the Company, the Company Advisors, the Initial Consenting Noteholder Advisors, and the Consenting Equity Interest Holders in an unredacted form.

## 13. Governing Law; Jurisdiction; Waiver of Jury Trial.

a. Except to the extent superseded by the Bankruptcy Code, this Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, without giving effect to the conflicts of law principles thereof.

b. Each of the Parties irrevocably agrees that any legal action, suit, or proceeding arising out of or relating to this Agreement brought by any party or its successors or assigns shall be brought and determined in (a) the Bankruptcy Court, for so long as the Chapter 11

Case is pending, and (b) otherwise, the courts of the State of New York sitting in New York City in the Borough of Manhattan, or the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such proceeding arising out of or relating to this Agreement. Each of the Parties agrees not to commence any proceeding relating hereto or thereto except in the courts described above, other than proceedings in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court as described herein. Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient. Subject to the foregoing, each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim, or otherwise, in any proceeding arising out of or relating to this Agreement, any claim (i) that it is not personally subject to the jurisdiction of the courts as described herein for any reason, (ii) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment, or otherwise) and (iii) that (A) the proceeding in any such court is brought in an inconvenient forum, (B) the venue of such proceeding is improper, or (C) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

c. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**14. Specific Performance/Remedies.**

The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to seek an injunction or injunctions without the necessity of posting a bond to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity. Unless otherwise expressly stated in this Agreement, no right or remedy described or provided in this Agreement is intended to be exclusive or to preclude a Party from pursuing other rights and remedies to the extent available under this Agreement, at law, or in equity.

**15. Survival.**

Notwithstanding the termination of this Agreement pursuant to Section 6 hereof, the agreements and obligations of the Parties set forth in Sections 6.f, 11, 13 through 24 (inclusive),

26 and 27 hereof (and any defined terms used in any such Sections) shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof; *provided* that any liability of a Party for failure to comply with the terms of this Agreement also shall survive such termination.

**16. Headings.**

The headings of the sections, paragraphs, and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof or, for any purpose, be deemed a part of this Agreement.

**17. Successors and Assigns; Severability; Several Obligations.**

This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, permitted assigns, heirs, executors, administrators, and Representatives; *provided* that nothing contained in this Section 17 shall be deemed to permit Transfers of interests in any Claims or Equity Interests against or in the Company, as applicable, other than in accordance with the express terms of this Agreement. If any provision of this Agreement, or the application of any such provision to any Person or entity or circumstance, shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision hereof and this Agreement shall continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon any such determination of invalidity, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a reasonably acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible. The agreements, representations, and obligations of the Parties are, in all respects, several and neither joint nor joint and several. For the avoidance of doubt, the obligations arising out of this Agreement are several and not joint with respect to each Consenting Noteholder, in accordance with its proportionate interest hereunder, and the Parties agree not to proceed against any Consenting Noteholder for the obligations of another.

**18. No Third-Party Beneficiaries.**

Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other Person or entity shall be a third-party beneficiary hereof.

**19. Prior Negotiations; Entire Agreement.**

This Agreement, including the exhibits and schedules hereto (including the Restructuring Term Sheet), constitutes the entire agreement of the Parties, and supersedes all other prior negotiations, with respect to the subject matter hereof and thereof, except that the Parties acknowledge that any Confidentiality Agreements (if any) heretofore executed between the Company and any Consenting Noteholder shall continue in full force and effect in accordance with their terms.

**20. Counterparts.**

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by electronic mail, or otherwise, which shall be deemed to be an original for the purposes of this paragraph.

**21. Notices.**

All notices hereunder shall be deemed given if in writing and delivered, by electronic mail, courier or by registered or certified mail (return receipt requested), to the following addresses (or at such other addresses as shall be specified by like notice):

(1) If to the Company, to:

Vroom, Inc.  
3600 West Sam Houston Pkwy South, 4th Floor  
Houston, TX 77042

Attn: Anna-Lisa Corrales and Liz Schutte  
Email: annalisa@vroom.com and liz@vroom.com

with a copy (which shall not constitute notice) to:

Porter Hedges LLP  
1000 Main St., 36<sup>th</sup> Floor  
Houston, TX 77002  
Telephone: (713) 226-6000  
Attn: John F. Higgins  
M. Shane Johnson  
Email: jhiggins@porterhedges.com  
sjohnson@porterhedges.com

(2) If to a Consenting Noteholder, to the addresses or electronic mail addresses set forth below such Consenting Noteholder's signature to this Agreement or the applicable Joinder Agreement, as the case may be, and if such Consenting Noteholder is an Initial Consenting Noteholder, with a copy to:

Wachtell, Lipton, Rosen & Katz  
51 W 52nd St.  
New York, NY 10019  
Joshua A. Feltman, Esq. (JAFeltman@wlrk.com)

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(3) If to a Consenting Equity Interest Holder, to the addresses or electronic mail addresses set forth below such Consenting Equity Interest Holder's signature to this Agreement or the applicable Joinder Agreement, as the case may be.

Any notice given by electronic mail, delivery, mail, or courier shall be effective when received.

**22. Reservation of Rights; No Admission.**

a. Nothing contained herein shall (i) limit (A) the ability of any Party to consult with other Parties, or (B) the rights of any Party under any applicable bankruptcy, insolvency, foreclosure, or similar proceeding, including the right to appear as a party in interest in any matter to be adjudicated in order to be heard concerning any matter arising in the Chapter 11 Case, in each case, so long as such consultation or appearance is consistent with such Party's obligations hereunder; (ii) limit the ability of any Consenting Stakeholder to sell or enter into any transactions in connection with the Unsecured Notes Claims and Equity Interests, or any other Claims against or interests in the Company, subject to the terms of Section 3.b hereof; or (iii) constitute a waiver or amendment of any provision of any applicable credit agreement or indenture or any agreements executed in connection with such credit agreement or indenture.

b. Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of each of the Parties to protect and preserve its rights, remedies, and interests, including its claims against any of the other Parties (or their respective Affiliates or subsidiaries) or its full participation in any bankruptcy case Filed by the Company or any of its Affiliates and subsidiaries. This Agreement is part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties. Pursuant to Rule 408 of the Federal Rule of Evidence, any applicable state rules of evidence, and any other applicable law, foreign or domestic, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms. This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.

**23. Relationship Among Consenting Stakeholders.**

It is understood and agreed that no Consenting Stakeholder has any duty of trust or confidence in any kind or form to any other Consenting Stakeholder, and, except as expressly provided in this Agreement, there are no commitments among or between them. In this regard, it is understood and agreed that any Consenting Stakeholder may trade in the debt of the Company without the consent of the Company or any other Consenting Stakeholder, subject to applicable securities laws, the terms of this Agreement, and any Confidentiality Agreement entered into with the Company; *provided* that no Consenting Stakeholder shall have any responsibility for any such trading by any other Consenting Stakeholder by virtue of this Agreement. No prior history, pattern, or practice of sharing confidences among or between the Consenting Stakeholders shall in any way affect or negate this understanding and agreement.

**24. No Solicitation; Representation by Counsel; Adequate Information.**

**a.** This Agreement is not and shall not be deemed to be a Solicitation for votes in favor of any Plan in the Chapter 11 Case.

**b.** Each Party acknowledges that it has had an opportunity to receive information from the Company and that it has been represented by counsel, including tax counsel, in connection with this Agreement and the transactions contemplated hereby. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

**c.** Although none of the Parties intends that this Agreement should constitute, and they each believe it does not constitute, a solicitation or acceptance of a chapter 11 plan of reorganization or an offering of securities, each Consenting Stakeholder acknowledges, agrees, and represents to the other Parties that it (i) is an “accredited investor” as such term is defined in Rule 501(a) of the Securities Act of 1933, (ii) understands that any securities to be acquired by it have not been registered under the Securities Act and that such securities may, to the extent not acquired pursuant to section 1145 of the Bankruptcy Code, be offered and sold pursuant to an exemption from registration contained in the Securities Act, based in part upon such Consenting Stakeholder’s representations contained in this Agreement and cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available, and (iii) has such knowledge and experience in financial and business matters that such Consenting Stakeholder is capable of evaluating the merits and risks of securities and understands and is able to bear any economic risks with such investment.

**25. Conflicts.**

In the event of any conflict among the terms and provisions of this Agreement, including the Restructuring Term Sheet, and of the Plan, the terms and provisions of the Plan shall control.

**26. Payment of Fees and Expenses.**

The Company shall pay or reimburse all reasonable and documented fees and out-of-pocket expenses (including travel costs and expenses) of the Initial Consenting Noteholder Advisors (whether incurred directly or on their behalf and regardless of whether such fees and expenses are incurred before or after the Petition Date) within five (5) Business Days of the receipt of any invoice therefor (except as may otherwise be provided in an order of the Bankruptcy Court or in any engagement letter signed by the Company), including all amounts payable or reimbursable under applicable fee or engagement letters with the Company (which agreements shall not be terminated by the Company before the termination of this Agreement); *provided, further*, that to the extent that this Agreement is terminated pursuant to Section 6, the Company’s reimbursement obligations under this Section 26 shall survive with respect to any and all fees and expenses incurred on or prior to the date of termination.

**27. Interpretation.**

For purposes of this Agreement:

a. in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender;

b. capitalized terms defined only in the plural or singular form shall nonetheless have their defined meanings when used in the opposite form;

c. unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

d. unless otherwise specified, any reference herein to an existing document, schedule, or exhibit shall mean such document, schedule, or exhibit, as it may have been or may be amended, restated, supplemented, or otherwise modified from time to time; *provided* that any capitalized terms herein which are defined with reference to another agreement, are defined with reference to such other agreement as of the date of this Agreement, without giving effect to any termination of such other agreement or amendments to such capitalized terms in any such other agreement following the date hereof;

e. unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribe or allowed herein. If any payment, distribution, act, or deadline hereunder is required to be made or performed or occurs on a day that is not a Business Day, then the making of such payment or distribution, the performance of such act, or the occurrence of such deadline shall be deemed to be on the next succeeding Business Day, but shall be deemed to have been completed or to have occurred as of the required date;

f. unless otherwise specified, all references herein to “Sections” are references to Sections of this Agreement;

g. the words “herein,” “hereof,” and “hereto” refer to this Agreement in its entirety rather than to any particular portion of this Agreement;

h. captions and headings to Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Agreement;

i. references to “shareholders,” “directors,” and/or “officers” shall also include “members” and/or “managers,” as applicable, as such terms are defined under the applicable limited liability company laws; and

j. the use of “include” or “including” is without limitation, whether stated or not.

*[Remainder of page intentionally left blank.]*



**Company's Signature Page to  
the Restructuring Support Agreement**

**Vroom, Inc.**

By: /s/ Thomas H. Shortt  
Name: Thomas H. Shortt  
Title: Chief Executive Officer

*[Signature Page to Restructuring Support Agreement]*

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***[Consenting Stakeholders' Signature Pages Redacted]***

*[Signature Page to Restructuring Support Agreement]*

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**Exhibit 1**

**Milestones**

1. No later than 11:59 p.m. (prevailing Eastern time) on November 13, 2024, the Debtor<sup>1</sup> shall have commenced the Chapter 11 Case in the Bankruptcy Court (the “*Petition Date*”).
2. No later than the date that is two (2) calendar days after the Petition Date, the Debtor shall have Filed with the Bankruptcy Court the Plan, Disclosure Statement, and a motion seeking approval of Solicitation procedures and conditional entry of the Combined Order.
3. No later than the date that is sixty (60) calendar days after the Petition Date, the Bankruptcy Court shall have entered the Combined Order.
4. No later than the date that is seventy-five (75) calendar days after the Petition Date, the Plan Effective Date shall have occurred.

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Restructuring Support Agreement.

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**Exhibit 2**

**Restructuring Term Sheet**

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VROOM, INC.  
RESTRUCTURING TERM SHEET

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**THIS TERM SHEET IS NOT (NOR SHALL IT BE CONSTRUED AS) AN OFFER TO SELL OR BUY, OR THE SOLICITATION OF AN OFFER TO SELL OR BUY, ANY SECURITIES; OR AN ACCEPTANCE OR SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS TERM SHEET SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE ON THE TERMS DESCRIBED HEREIN, DEEMED BINDING ON ANY OF THE PARTIES HERETO.**

**THIS TERM SHEET IS A SETTLEMENT PROPOSAL IN FURTHERANCE OF SETTLEMENT DISCUSSIONS AND IS ACCORDINGLY PROTECTED BY RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY OTHER APPLICABLE STATUTES OR DOCTRINES PROTECTING THE USE OR DISCLOSURE OF CONFIDENTIAL SETTLEMENT DISCUSSIONS.**

**THIS TERM SHEET AND DOES NOT PURPORT TO SUMMARIZE ALL OF THE TERMS, CONDITIONS, REPRESENTATIONS, WARRANTIES, AND OTHER PROVISIONS WITH RESPECT TO THE RESTRUCTURING AND TRANSACTIONS DESCRIBED HEREIN, WHICH RESTRUCTURING AND TRANSACTIONS WILL BE SUBJECT IN ALL RESPECTS TO THE COMPLETION OF THE DEFINITIVE DOCUMENTS REFLECTING THE TERMS AND CONDITIONS SET FORTH IN THE RESTRUCTURING SUPPORT AGREEMENT. THE CLOSING OF ANY SUCH RESTRUCTURING AND TRANSACTIONS SHALL BE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN SUCH DEFINITIVE DOCUMENTS AND THE CONSENT RIGHTS OF THE PARTIES SET FORTH HEREIN AND THEREIN. UNTIL THE AGREEMENT EFFECTIVE DATE OF A RESTRUCTURING SUPPORT AGREEMENT TO WHICH THIS TERM SHEET IS ATTACHED, THIS TERM SHEET DOES NOT CONSTITUTE A COMMITMENT TO PROVIDE, ACCEPT, OR CONSENT TO ANY FINANCING OR OTHERWISE CREATE ANY IMPLIED OR EXPRESS LEGALLY BINDING OR ENFORCEABLE OBLIGATION ON ANY PARTY (OR ANY AFFILIATES OF A PARTY) AT LAW OR IN EQUITY, TO NEGOTIATE OR ENTER INTO DEFINITIVE DOCUMENTATION RELATED TO A RESTRUCTURING OR TO NEGOTIATE IN GOOD FAITH OR OTHERWISE.**

**OVERVIEW**

<b>Restructuring</b>	<p>This Restructuring Term Sheet (this “<b><u>Term Sheet</u></b>”)<sup>2</sup> contemplates the restructuring of the existing capital structure of the Debtor (the “<b><u>Restructuring</u></b>”), which Restructuring will be consummated pursuant to a prepackaged chapter 11 plan of reorganization through a voluntary case under chapter 11 of the Bankruptcy Code (the “<b><u>Chapter 11 Case</u></b>”), consistent in all respects with a restructuring support agreement (the “<b><u>Restructuring Support Agreement</u></b>”) and this Term Sheet, to be confirmed by the Bankruptcy Court.</p> <p>Within one day of the Agreement Effective Date, the Debtor will commence the Solicitation of votes on the Plan.</p>
<b>Debtor</b>	<p>Vroom, Inc. (“<b><u>Vroom</u></b>” or the “<b><u>Debtor</u></b>” and following the Restructuring, the “<b><u>Reorganized Debtor</u></b>”).</p>
<b>Venue</b>	<p>Bankruptcy Court for the Southern District of Texas (the “<b><u>Bankruptcy Court</u></b>”).</p>
<b>Existing Capital Structure</b>	<p><b>Unsecured Notes and Unsecured Notes Claims:</b> That certain Indenture, dated as of June 18, 2021 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the “<b><u>Unsecured Notes Indenture</u></b>”), by and between Vroom, as issuer, and U.S. Bank National Association, as trustee (the “<b><u>Indenture Trustee</u></b>”), governing Vroom’s \$290,488,001 outstanding principal amount of 0.75% unsecured Convertible Senior Notes due 2026 (the “<b><u>Unsecured Notes</u></b>” and all Claims or Causes of Action relating to the Unsecured Notes, the “<b><u>Unsecured Notes Claims</u></b>”).</p> <p><b>Existing Equity Interests:</b> Any Equity Security or other ownership interest in the Debtor as in existence immediately before the Plan Effective Date, but excluding any Existing Equity Awards (the “<b><u>Existing Equity Interests</u></b>”).</p>
<b>Reorganized Debtor Capital Structure</b>	<p>The capital structure of the Reorganized Debtor upon the Plan Effective Date shall consist of the new common stock to be issued by the Reorganized Debtor on the Plan Effective Date (the “<b><u>New Common Stock</u></b>”), distributed to (a) the holders of Unsecured Notes Claims; and (b) the holders of Existing Equity Interests, and resulting in <i>pro forma</i> ownership percentages of (x) 92.94% of the New Common Stock held</p>

<sup>2</sup> Capitalized terms used in this Term Sheet and not otherwise defined shall have the meanings set forth in the Restructuring Support Agreement.

	<p>by the holders of Unsecured Notes Claims; and (y) 7.06% of the New Common Stock held by holders of Existing Equity Interests; in each case, subject to dilution by the (i) New Warrants, (ii) the MIP Awards, and (iii) the Post-Effective Date Equity Awards.</p> <p>The Reorganized Debtor shall use commercially reasonable efforts to list the New Common Stock for trading on the Nasdaq Global Select Market or any of the other Nasdaq market tiers (collectively, the “<b>Nasdaq</b>”) the New York Stock Exchange or a comparable nationally recognized securities exchange using reasonable efforts after the Plan Effective Date.</p> <p>The Reorganized Debtor will not have any secured or unsecured funded debt upon the Plan Effective Date.</p>	
<b>Case Financing</b>	The Chapter 11 Case shall be funded from available unencumbered cash on hand.	
<b><u>TREATMENT OF CLAIMS AND INTERESTS</u></b>		
<b>Type of Claim</b>	<b>Treatment</b>	<b>Impairment/ Voting</b>
<b>Unclassified Non-Voting Claims</b>		
<b>Administrative Claims</b>	On the Plan Effective Date, each holder of an Allowed Administrative Claim shall receive treatment in a manner consistent with section 1129(a)(9)(A) of the Bankruptcy Code.	N/A
<b>Priority Tax Claims</b>	On the Plan Effective Date, each holder of an Allowed Priority Tax Claim shall receive treatment in a manner consistent with section 1129(a)(9)(C) of the Bankruptcy Code.	N/A
<b>Professional Fee Claims</b>	No later than the Plan Effective Date, the Debtor or the Reorganized Debtor, as applicable, shall establish and fund the Professional Fee Escrow Account with cash equal to the Professional Fee Reserve Amount. The amount of Professional Fee Claims owing to the professionals shall be paid in full in cash to such professionals by the Reorganized Debtor from the Professional Fee Escrow Account within five (5)	N/A



	<p>Business Days after such Professional Fee Claims are Allowed by a Final Order; <i>provided</i> that the Debtor's and the Reorganized Debtor's obligations to pay Allowed Professional Fee Claims shall not be limited or deemed limited to funds held in the Professional Fee Escrow Account. To the extent that funds held in the Professional Fee Escrow Account are insufficient to satisfy the Allowed amount of Professional Fee Claims owing to the professionals, the Reorganized Debtor shall pay such amounts within ten (10) Business Days after entry of the order approving such Professional Fee Claims.</p>	
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**Classified Claims and Interests of the Debtor**

<b>Class 1: Other Priority Claims</b>	To the extent such Other Priority Claim has not already been paid in full during the Chapter 11 Case, on the Plan Effective Date, or as soon as reasonably practicable thereafter, each holder of an Allowed Other Priority Claim shall receive in full and final satisfaction, settlement, discharge and release of, and in exchange for, such Other Priority Claim, at the option of the Debtor or the Reorganized Debtor as applicable: (a) payment in full in cash in an amount equal to the due and unpaid portion of such Allowed Other Priority Claim; (b) such other less favorable treatment as to which the Debtor or Reorganized Debtor, as applicable, and the holder of such Allowed Other Priority Claim shall have agreed upon in writing; or (c) such other treatment such that such Allowed Other Priority Claim will be rendered unimpaired in accordance with section 1124 of the Bankruptcy Code; <i>provided</i> that Other Priority Claims incurred by any Debtor in the ordinary course of business may be paid in the ordinary course of business by such applicable Debtor or Reorganized Debtor in accordance with the terms and conditions of any agreements relating thereto without further notice to or order of the Bankruptcy Court.	Unimpaired; Presumed to Accept.
<b>Class 2: Secured Claims</b>	Except to the extent that a holder of an Allowed Secured Claim agrees to less favorable treatment of its Allowed Secured Claim, in full and final satisfaction, settlement, release, and discharge of each Allowed Secured Claim, on the Plan Effective Date, each holder of such Allowed Secured Claim shall receive either (a) payment in full in cash, (b) delivery of the collateral securing such Allowed Secured Claim, (c) reinstatement of such Allowed Secured Claim, or (d) such other treatment rendering such Allowed Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.	Unimpaired; Presumed to Accept.

<b>Class 3: Unsecured Notes Claims</b>	Except to the extent that such holder agrees in writing to less favorable treatment, on the Plan Effective Date each holder of an Allowed Unsecured Notes Claim will receive, in full and final satisfaction, settlement, discharge and release of, and in exchange for, its Allowed Unsecured Notes Claim, its <i>pro rata</i> share of 92.94% of the New Common Stock (subject to dilution by the (i) New Warrants, (ii) the MIP Awards, and (iii) the Post-Effective Date Equity Awards).	Impaired; Entitled to Vote.
<b>Class 4: General Unsecured Claims</b>	Except to the extent that a holder of an Allowed General Unsecured Claim and the Debtor agree to less favorable treatment on account of such Claim, each holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction, settlement, release and discharge of, and in exchange for, such Allowed General Unsecured Claim, on or as soon as practicable after the Plan Effective Date or when such obligation becomes due in the ordinary course of business in accordance with applicable law or the terms of any agreement that governs such Allowed General Unsecured Claim, whichever is later, in the discretion of the Debtor, either (a) payment in full in cash, or (b) such other treatment as to render such holder unimpaired in accordance with section 1124 of the Bankruptcy Code; <i>provided</i> , that no holder of an Allowed General Unsecured Claim shall receive any distribution for any Claim that has previously been satisfied pursuant to a Final Order of the Bankruptcy Court.	Unimpaired; Presumed to Accept.
<b>Class 5: 510(b) Claims</b>	On the Plan Effective Date, each 510(b) Claim shall be rendered unimpaired in accordance with section 1124 of the Bankruptcy Code.	Unimpaired; Deemed to Accept.
<b>Class 6: Intercompany Claims</b>	On the Plan Effective Date, each Intercompany Claim shall be, at the option of the Debtor or the Reorganized Debtor, as applicable, reinstated, compromised, or canceled and released without any distribution.	Impaired / Unimpaired; Deemed to Reject /

		Presumed to Accept.
<b>Class 7: Existing Equity Interests</b>	Except to the extent that a holder of an Allowed Existing Equity Interest agrees to less favorable treatment of its Allowed Existing Equity Interest, in full and final satisfaction, settlement, release, discharge, cancellation and extinguishment of each Allowed Existing Equity Interest, on the Plan Effective Date, each holder of an Allowed Existing Equity Interest shall receive (a) its <i>pro rata</i> share of 7.06% of the New Common Stock (subject to dilution by (i) New Warrants, (ii) the MIP Awards, and (iii) the Post-Effective Date Equity Awards) and (b) its <i>pro rata</i> share of the New Warrants.	Impaired; Entitled to Vote.
<b>Class 8: Existing Equity Awards</b>	Except to the extent a holder of an Existing Equity Award agrees to less favorable treatment of its Allowed Existing Equity Award, all Existing Equity Awards shall be converted into new awards (the “ <b>Post-Effective Date Equity Awards</b> ”) exchangeable into New Common Stock on the same terms and conditions, and for the same number of units, applicable to the Existing Equity Awards in respect of the Existing Equity Interests, as of immediately prior to the Plan Effective Date. <sup>3</sup>	Impaired; Entitled to Vote.

**OTHER MATERIAL PROVISIONS**

<b>Releases / Injunctions</b>	Customary releases and exculpations to the fullest extent permitted by law in favor of Vroom, officers, directors, employees, estate fiduciaries and advisors to the same, any other parties to the Restructuring Support Agreement, and their respective related parties.
<b>Exemption Under Section 1145 of the Bankruptcy Code</b>	To the fullest extent permitted under law, the Plan and Combined Order shall provide that the issuance and distribution of any securities thereunder, including the New Common Stock, MIP Awards, Post-Effective Date Equity Awards, and New Warrants, will be exempt from

<sup>3</sup> In other words, Existing Equity Awards will be diluted on substantially the same terms as Existing Equity Interests.

	the registration requirements under applicable securities law, in accordance with section 1145 of the Bankruptcy Code.
<b>Cancellation of Notes, Instruments, Certificates, and Other Documents</b>	On the Plan Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, certificates, and other documents evidencing Unsecured Notes Claims, Existing Equity Interests, and Existing Equity Awards shall be canceled and the obligations of the Debtor thereunder or in any way related thereto shall be deemed satisfied in full and discharged.
<b>Corporate Governance</b>	The New Governance Documents for the Reorganized Debtor following the Plan Effective Date shall be acceptable to the Debtor and the Required Consenting Noteholders and filed with the Plan Supplement. The composition of the Board of Directors of the Reorganized Debtor as of the Plan Effective Date shall be acceptable to the Debtor and the Required Consenting Noteholders and filed with the Plan Supplement.
<b>New Warrants</b>	<p>The New Warrants will have the following key terms:</p> <ul style="list-style-type: none"> <li>• Number: The New Warrants will be for the purchase of an aggregate of 1,808,243 shares of New Common Stock, equal to the number of presently existing outstanding shares of common stock of the Company;</li> <li>• Exercise Price: The New Warrants will have an exercise price of \$12.19 per share (the “<b>Strike Price</b>”);</li> <li>• Expiration: The New Warrants will expire on the 5th anniversary of the Plan Effective Date;</li> <li>• Anti-Dilution Protections: The New Warrants will contain customary anti-dilution protection for stock splits, stock dividends, and similar events but will not have Black-Scholes protections; and</li> <li>• Transferability: The New Warrants will be freely transferable, subject to applicable securities laws.</li> </ul>
<b>Management Incentive Plan</b>	At the Plan Effective Date, the New Board shall amend and restate and increase the shares available for issuance under the 2020 Incentive Award Plan, and grant new awards in order to implement the management incentive plan (the “ <b>MIP</b> ”) on the terms and conditions set forth below and in the term sheet attached hereto as Annex A (the “ <b>MIP Term Sheet</b> ”).

	<p>Ten percent (10%) of the Fully-Diluted New Common Stock (as defined below) as of immediately following the Plan Effective Date shall be reserved for the issuance of restricted stock units with respect to New Common Stock (collectively, the “<b>RSU Awards</b>”) to employees of the Reorganized Debtor. The RSU Awards shall be granted promptly following the Plan Effective Date, with the allocation of such grants to be determined in good faith by the New Board in consultation with the Reorganized Debtor’s chief executive officer.</p> <p>Five percent (5%) of the Fully-Diluted New Common Stock (as defined below) as of immediately following the Plan Effective Date shall be reserved for the issuance of stock options to purchase New Common Stock to management employees of the Reorganized Debtor (the “<b>ESO Grants</b>” and together with the RSU Awards, the “<b>MIP Awards</b>”).</p> <p>“<b>Fully-Diluted New Common Stock</b>” shall be calculated by including the New Common Stock issued on the Plan Effective Date, the New Warrants, the MIP Awards, and the Post-Effective Date Equity Awards, in each case on an as-converted-to-common-stock basis.</p>
<b>Tax Matters</b>	<p>The Restructuring and the New Governance Documents shall be structured and implemented in a manner that is tax-efficient to the Company Parties, including by preserving or otherwise maximizing favorable tax attributes (including tax basis) of the Company Parties to the extent practicable and commercially reasonable as determined by the Company Parties; <i>provided</i>, that any material U.S. federal income tax election (or failure to make such a tax election) in respect of the Restructuring, which election (or failure to elect) would impact holders of Unsecured Notes Claims, shall be subject to the consent of the Required Consenting Noteholders (such consent not to be unreasonably withheld, conditioned or delayed).</p>
<b>D&amp;O Insurance and Indemnification Obligations</b>	<p>Under the Plan, the Debtor shall assume, pursuant to section 365(a) of the Bankruptcy Code, (a) all existing D&amp;O liability insurance policies and (b) all of the existing indemnification provisions for current or former directors, managers, and officers of the Company Parties (whether in by-laws, certificates of formation or incorporation, board resolution, employment contracts, or otherwise) (such indemnification provisions, the “<b>Indemnification Obligations</b>”). The amended and restated bylaws, certificates of incorporation, articles of limited partnership and other organizational documents of the Reorganized Debtor adopted as of the Plan Effective Date shall include provisions to</p>

	give effect to the foregoing. All runoff endorsements will be assumed pursuant to the Plan.
<b>Conditions Precedent to Plan Effectiveness</b>	<p>The following conditions precedent to the effectiveness of the Plan Effective Date shall be satisfied or waived by the Debtor (with the reasonable consent of the Required Consenting Noteholders), and the Plan Effective Date shall occur on the date upon which the last of such conditions are so satisfied and/or waived:</p> <ul style="list-style-type: none"> <li>a. The Debtor shall have implemented the Restructuring and all transactions contemplated by this Restructuring Term Sheet in a manner consistent with the Restructuring Support Agreement, this Restructuring Term Sheet, and the Plan;</li> <li>b. The Restructuring Support Agreement shall continue to be in full force and effect;</li> <li>c. Amounts sufficient to pay all of the Company Parties' reasonable and documented fees and expenses after the Plan Effective Date, including, but not limited to, those of (a) Porter Hedges LLP, as counsel to the Debtor; (b) Latham &amp; Watkins LLP, as special counsel to the Debtor; (c) Stout Risius Ross, LLC, as financial advisor to the Debtor; (d) Kurtzman Carson Consultants, LLC dba Verita Global, as claims, noticing, and solicitation agent to the Debtor, and (e) The Overture Alliance, LLC, as compensation consultant to the Debtor; shall have been placed in the Professional Fee Escrow Account pending approval of the Professional Fee Claims by the Bankruptcy Court;</li> <li>d. Each document or agreement constituting the Definitive Documents shall be in form and substance consistent with the Restructuring Support Agreement and this Term Sheet, as applicable, each to the extent required in the Restructuring Support Agreement;</li> <li>e. All governmental approvals and consents that are legally required for the consummation of the Restructuring shall have been obtained, not be subject to unfulfilled conditions and be in full force and effect;</li> <li>f. The Bankruptcy Court shall have entered the Combined Order consistent with the Restructuring Support Agreement to the extent required in the Restructuring Support Agreement, and the</li> </ul>

Combined Order shall not be stayed, modified, or vacated, and shall not be subject to any pending appeal, and the appeals period for the Combined Order shall have expired; and

g. Such other conditions precedent that are customary, including payment of fees and expenses owing under the Restructuring Support Agreement.

#### Additional Defined Terms

**“510(b) Claim”** means any Claim subject to section 510(b) of the Bankruptcy Code. For the avoidance of doubt, 510(b) Claims include the Existing Securities Litigation Claims.

**“Administrative Claim”** means a Claim for costs and expenses of administration of the Chapter 11 Case that are Allowed under sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) any actual and necessary costs and expenses incurred on or after the Petition Date and through the Plan Effective Date of preserving the estates and operating the businesses of the Debtor; (b) Professional Fee Claims and any other compensation for legal, financial, advisory, accounting, and other services and reimbursement of expenses Allowed by the Bankruptcy Court under sections 328, 330, 331 or 503(b) of the Bankruptcy Code to the extent incurred on or after the Petition Date and through the Plan Effective Date; and (c) all fees and charges assessed against the estates under section 1930, chapter 123, of title 28, United States Code.

**“Affiliate”** shall, with respect to an Entity, have the meaning set forth in section 101(2) of the Bankruptcy Code as if such Entity were a debtor in a case under the Bankruptcy Code.

**“Allowed”** means, as to a Claim or an Existing Equity Interest allowed under the Plan, under the Bankruptcy Code, or by a Final Order, as applicable. For the avoidance of doubt, (a) except with respect to any Claim arising from the rejection of unexpired leases by the Debtor, there is no requirement to file a proof of claim (or move the Bankruptcy Court for allowance) to be an allowed Claim under the Plan, and (b) the Debtor may affirmatively deem unimpaired Claims allowed to the same extent such Claims would be allowed under applicable non-bankruptcy law.

**“Avoidance Actions”** means any and all actual or potential Claims and Causes of Action to avoid or recover a transfer of property or an obligation incurred by the Debtor arising under chapter 5 of the Bankruptcy Code, including sections 502(d), 544, 545, 547, 548, 549, 550, 551, and 553(b) of the Bankruptcy Code and applicable non-bankruptcy law.

**“Bankruptcy Code”** means title 11 of the United States Code.

**“Business Day”** means any day, other than a Saturday, Sunday or “legal holiday” (as that term is defined in Bankruptcy Rule 9006(a)), on which commercial banks are open for commercial business with the public in New York City, New York.

**“Causes of Action”** means any action, claim, cross-claim, third-party claim, cause of action, controversy, dispute, proceeding demand, right, lien, indemnity, contribution, guaranty,



suit, obligation, liability, loss, debt, fee or expense, damage, interest, judgment, cost, account, defense, remedy, offset, power, privilege, proceeding, license and franchise of any kind or character whatsoever, known, unknown, foreseen or unforeseen, existing or hereafter arising, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively (including any alter ego theories), choate, inchoate, reduced to judgment or otherwise whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity or pursuant to any other theory of law (including, without limitation, under any state or federal securities laws). Causes of Action also includes: (a) any right of setoff, counterclaim or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims or Equity Interests; (c) any claim pursuant to section 362 or chapter 5 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress and usury and any other defenses set forth in section 558 of the Bankruptcy Code; (e) any state law fraudulent transfer claim; and (f) any Avoidance Actions.

“**Chapter 11 Case**” has the meaning set forth in the recitals to this Agreement.

“**Claim**” means any claim, as defined in section 101(5) of the Bankruptcy Code. Except where otherwise provided in context, “Claim” refers to such a claim against the Debtor.

“**Company Parties**” means Vroom and all of its direct and indirect subsidiaries.

“**Combined Order**” means an order of the Bankruptcy Court confirming the Plan and approving the disclosure statement for the Plan as containing adequate information as required by the Bankruptcy Code.

“**Definitive Documents**” means, each consistent with the Restructuring Support Agreement: (a) the Plan and the Plan Supplement; (b) the Disclosure Statement and the Solicitation Materials, and any motion seeking approval of, and any notices related to, the foregoing; (c) the Solicitation Procedures Order; (d) the Combined Order; (e) the New Governance Documents; (f) the First Day Orders; (g) the MIP; and (h) any other material agreement, document, instrument, pleading and/or order entered or entered into, or utilized, in connection with or to implement the Restructuring (together with any exhibit, amendment, modification or supplement thereto).

“**Disclosure Statement**” means the disclosure statement in respect of the Plan, including all exhibits, schedules, supplements, modifications, amendments, annexes and attachments thereto, as approved or ratified by the Bankruptcy Court pursuant to sections 1125 and 1126 of the Bankruptcy Code.

“**Distribution Record Date**” means the date for determining which holders of Unsecured Notes Claims and Existing Equity Interests are eligible to receive distributions under this Plan, which date will be set forth in the Plan.

“**Equity Security**” means an “equity security” as defined in section 101(16) of the Bankruptcy Code.

“**Existing Equity Awards**” means options or restricted stock units representing rights to purchase or acquire any Equity Securities of the Debtor in existence immediately before the Plan Effective Date in an aggregate amount equivalent to 132,614 shares of stock.

“**Existing Securities Litigation Claims**” means any Claims against the Debtor in the following matters: (a) *In re Vroom, Inc. Securities Litigation*, 21-cv-2477-PGG (S.D.N.Y. Mar. 22, 2021); (b) *In re Vroom, Inc. Shareholder Derivative Litigation*, 21-cv-6933-PGG (S.D.N.Y. Apr. 17, 2021); (c) *Godlu v. Vroom, Inc.*, 22-cv-00569-MN (D. Del. Apr. 28, 2022); and (d) *Hudda v. Vroom, Inc.*, 24-cv-4499-MN (D. Del. Apr. 15, 2024).

“**File**” or “**Filed**” or “**Filing**” means file, filed or filing with the Bankruptcy Court or its authorized designee in this Chapter 11 Case.

“**Final Order**” means as applicable, an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the relevant subject matter, which (a) has not been reversed, stayed, modified, or amended, including any order subject to appeal but for which no stay of such order has been entered, and as to which the time to appeal, seek certiorari, or move for a new trial, reargument, reconsideration or rehearing has expired and as to which no appeal, petition for certiorari, or other proceeding for a new trial, reargument, reconsideration or rehearing has been timely taken, or (b) as to which any appeal that has been taken or any petition for certiorari or motion for reargument, reconsideration or rehearing that has been or may be filed has been withdrawn with prejudice, resolved by the highest court to which the order or judgment was appealed or from which certiorari could be sought, or any request for new trial, reargument, reconsideration or rehearing has been denied, resulted in no stay pending appeal or modification of such order, or has otherwise been dismissed with prejudice; *provided*, that no order or judgment shall fail to be a “Final Order” solely because of the possibility that a motion under rules 59 or 60 of the Federal Rules of Civil Procedure or any analogous Bankruptcy Rule (or any analogous rules applicable in another court of competent jurisdiction) or sections 502(j) or 1144 of the Bankruptcy Code has been or may be filed with respect to such order or judgment.

“**First Day Orders**” means any interim or final order of the Bankruptcy Court granting the relief requested in the First Day Pleadings (as may be amended, supplemented, or modified from time to time).

“**First Day Pleadings**” means all material motions, applications, notices and/or other pleadings that the Debtor Files or proposes to File in connection with the commencement of the Chapter 11 Case and all orders sought thereby (any of the foregoing as amended, supplemented or modified from time to time), including the First Day Orders.

“**General Unsecured Claims**” means any unsecured Claim against the Debtor that is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, an Unsecured Notes Claim, a 510(b) Claim, or an Intercompany Claim.

“**Intercompany Claim**” means any Claim against the Debtor held by a non-Debtor Affiliate, other than an Administrative Claim.

“**Lien**” means a “lien” as defined in section 101(37) of the Bankruptcy Code, and, with respect to any property or asset, includes, without limitation, any mortgage, lien, pledge, charge,

security interest or other encumbrance of any kind, or any other type of preferential arrangement that has the practical effect of creating a security interest, in respect of such property or asset.

“**Market Price**” means the daily average price of one share of VRM during the period from September 23, 2024, until November 8, 2024 prior to the Agreement Effective Date, which is a price equal to \$9.14.

“**New Board**” means the new board of directors of the Reorganized Debtor, as further described in the New Governance Documents, whose appointment and powers shall be as set forth in the New Governance Documents. The members of the New Board shall be acceptable to the Required Consenting Noteholders in their discretion and Filed with the Plan Supplement or a supplement thereto and in any event identified prior to the Plan Effective Date.

“**New Governance Documents**” means any organizational or constitutional documents, including charters, bylaws, operating agreements, warrant agreements (including, for the avoidance of doubt, the documents governing the New Warrants), option agreements, shareholder agreement, registration rights agreements or other governance documents, in each case, relating to the Reorganized Debtor.

“**New Warrants**” means warrants of Vroom to be issued pursuant to section 1145 of the Bankruptcy Code that provide the holder the right, but not the obligation, to purchase shares of New Common Stock at the exercise price prior to expiration thereof. The New Warrants will be subject to the terms and conditions set forth in a warrant agreement to be entered into between the Debtor or Reorganized Debtor, as applicable, and a warrant agent on or prior to the Plan Effective Date.

“**Other Priority Claim**” means any Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code, other than an Administrative Claim, a cure Claim, or a Priority Tax Claim.

“**Petition Date**” means the date the Debtor commences the Chapter 11 Case.

“**Plan**” means the prepackaged chapter 11 plan of the Debtor (as may be amended, modified, or supplemented from time to time, including the Plan Supplement) implementing the Restructuring in accordance with the Restructuring Support Agreement, and attached thereto (by the Agreement Effective Date) in agreed form.

“**Plan Effective Date**” means the date on which the conditions precedent to the effective date have been satisfied or waived and the transactions contemplated under the Restructuring Term Sheet have been consummated and the Plan has become effective.

“**Plan Supplement**” means one or more supplemental appendices to the Plan, which shall include, among other things, draft forms of documents (or terms sheets thereof), schedules, and exhibits to the Plan, in each case subject to the provisions of the Restructuring Support Agreement and as may be amended, modified, or supplemented from time to time on or prior to the Plan Effective Date.

**“Priority Tax Claim”** means any unsecured Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

**“Professional Fee Claim”** means a Claim for accrued professional compensation under sections 328, 330, 331, or 503 of the Bankruptcy Code for compensation for services rendered or reimbursement of costs, expenses or other charges incurred on or after the Petition Date and prior to and including the Plan Effective Date.

**“Professional Fee Escrow Account”** means a separate escrow account established, maintained, and funded by the Reorganized Debtor with cash on the Plan Effective Date in an amount equal to the Professional Fee Reserve Amount.

**“Professional Fee Reserve Amount”** means the aggregate amount of Professional Fee Claims and other unpaid fees and expenses that the professionals estimate they have incurred or will incur in rendering services to the Debtor prior to and as of the Plan Effective Date.

**“Required Consenting Noteholders”** has the meaning set forth in the Restructuring Support Agreement.

**“Secured Claim”** means a Claim that is (i) secured by a valid, perfected and enforceable Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (ii) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

**“Solicitation”** means the solicitation of votes on the Plan pursuant to sections 1125 and 1126 of the Bankruptcy Code.

**“Solicitation Materials”** means any materials used in connection with the solicitation of votes on the Plan, including the Disclosure Statement and any procedures established by the Bankruptcy Court with respect to solicitation of votes on the Plan pursuant to the Solicitation Procedures Order .

**“Solicitation Procedures Order”** means the order of the Bankruptcy Court approving the Solicitation procedures and scheduling the Combined Hearing.

**“Unimpaired”** means, with respect to a class of Claims, a Claim that is “unimpaired” within the meaning of section 1124 of the Bankruptcy Code.

**Annex A**  
**MIP Term Sheet**

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**VROOM, INC.**

**POST-EMERGENCE MIP**

**TERM SHEET**

<u>Provision</u>	Description																																								
Effective date	<ul style="list-style-type: none"> <li>To be determined.</li> </ul>																																								
Administration	<ul style="list-style-type: none"> <li>The New Board<sup>1</sup> or their designee will administer plan.</li> </ul>																																								
Type of Plan	<ul style="list-style-type: none"> <li>Omnibus equity plan</li> </ul>																																								
Companies used for performance measures	<ul style="list-style-type: none"> <li>Vroom, Inc.</li> </ul>																																								
Overall Shares Granted When RSUs Vest and Options Exercised – 15%	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left; padding: 2px;"><b>Fully Dilluted Share Count</b></th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">Post ReCap Share Count</td> <td style="text-align: right; padding: 2px;">25,604,742</td> </tr> <tr> <td style="padding: 2px;">Warrants (current common)</td> <td style="text-align: right; padding: 2px;">1,808,243</td> </tr> <tr> <td style="padding: 2px;">Pre-RSUs vesting</td> <td style="text-align: right; padding: 2px;">132,614</td> </tr> <tr> <td style="padding: 2px;">RSUs 10%</td> <td style="text-align: right; padding: 2px;">3,240,000</td> </tr> <tr> <td style="padding: 2px;">Management Options</td> <td style="text-align: right; padding: 2px;">1,622,000</td> </tr> <tr> <td style="padding: 2px;"><b>Fully Dilluted Share Count</b></td> <td style="text-align: right; padding: 2px;"><b>32,407,599</b></td> </tr> <tr> <td style="padding: 2px;">Total RSU and Management Option</td> <td style="text-align: right; padding: 2px;">4,862,000</td> </tr> <tr> <td style="padding: 2px;"><b>% of Fully Diluted Common Shares</b></td> <td style="text-align: right; padding: 2px;"><b>15%</b></td> </tr> </tbody> </table>	<b>Fully Dilluted Share Count</b>		Post ReCap Share Count	25,604,742	Warrants (current common)	1,808,243	Pre-RSUs vesting	132,614	RSUs 10%	3,240,000	Management Options	1,622,000	<b>Fully Dilluted Share Count</b>	<b>32,407,599</b>	Total RSU and Management Option	4,862,000	<b>% of Fully Diluted Common Shares</b>	<b>15%</b>																						
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Option Exercise Price – Most/All Granted at a Premium to the Market and are Out-Of-The Money at Time of Grant	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 15%; text-align: center;">UACC NBV</th> <th style="width: 20%; text-align: center;">Market Value of Debt @ 57 and equity at 9.14 Original @ 57</th> <th style="width: 25%; text-align: center;">Final Term Sheet. Debt @ 75% @ 75</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">Value</td> <td style="text-align: right; padding: 2px;">150,000,000</td> <td style="text-align: right; padding: 2px;">180,000,000</td> <td style="text-align: right; padding: 2px;">234,027,341</td> </tr> <tr> <td style="padding: 2px;">Pre RSU Shares</td> <td style="text-align: right; padding: 2px;">25,604,742</td> <td style="text-align: right; padding: 2px;">25,604,742</td> <td style="text-align: right; padding: 2px;">25,604,742</td> </tr> <tr> <td style="padding: 2px;">Stock Price @ Valuation</td> <td style="text-align: right; padding: 2px;"><b>5.86</b></td> <td style="text-align: right; padding: 2px;"><b>7.03</b></td> <td style="text-align: right; padding: 2px;"><b>9.14</b></td> </tr> <tr> <td style="padding: 2px;">50% Option Strike Price</td> <td style="text-align: right; padding: 2px;">9.14</td> <td style="text-align: right; padding: 2px;">9.14</td> <td style="text-align: right; padding: 2px;">9.14</td> </tr> <tr> <td style="padding: 2px;">Out of the Money</td> <td style="text-align: right; padding: 2px;">3.28</td> <td style="text-align: right; padding: 2px;">2.11</td> <td style="text-align: right; padding: 2px;">-</td> </tr> <tr> <td style="padding: 2px;">% Out of the Money</td> <td style="text-align: right; padding: 2px;">56%</td> <td style="text-align: right; padding: 2px;">30%</td> <td style="text-align: right; padding: 2px;">0%</td> </tr> <tr> <td style="padding: 2px;">50% Option Par Strike Price</td> <td style="text-align: right; padding: 2px;">12.19</td> <td style="text-align: right; padding: 2px;">12.19</td> <td style="text-align: right; padding: 2px;">12.19</td> </tr> <tr> <td style="padding: 2px;">Out of the Money</td> <td style="text-align: right; padding: 2px;">6.33</td> <td style="text-align: right; padding: 2px;">5.16</td> <td style="text-align: right; padding: 2px;">3.05</td> </tr> <tr> <td style="padding: 2px;">% Out of the Money</td> <td style="text-align: right; padding: 2px;">108%</td> <td style="text-align: right; padding: 2px;">73%</td> <td style="text-align: right; padding: 2px;">33%</td> </tr> </tbody> </table>		UACC NBV	Market Value of Debt @ 57 and equity at 9.14 Original @ 57	Final Term Sheet. Debt @ 75% @ 75	Value	150,000,000	180,000,000	234,027,341	Pre RSU Shares	25,604,742	25,604,742	25,604,742	Stock Price @ Valuation	<b>5.86</b>	<b>7.03</b>	<b>9.14</b>	50% Option Strike Price	9.14	9.14	9.14	Out of the Money	3.28	2.11	-	% Out of the Money	56%	30%	0%	50% Option Par Strike Price	12.19	12.19	12.19	Out of the Money	6.33	5.16	3.05	% Out of the Money	108%	73%	33%
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% Out of the Money	108%	73%	33%																																						
Plan Eligibility	<ul style="list-style-type: none"> <li>Approximately 100 participants</li> </ul>																																								
Allocation of Awards to Participants	<ul style="list-style-type: none"> <li>Restricted stock unit (“RSU”) and stock option (“Option”) awards as determined by the Compensation Committee of the New Board in consultation with the Reorganized Debtor CEO</li> </ul>																																								

<sup>1</sup> Capitalized terms used, but not defined herein, shall have the meaning ascribed to them in the Restructuring Support Agreement.

<b>Provision</b>	<b>Description</b>
Frequency of Stock Awards	<ul style="list-style-type: none"> <li>One grant, or when a participant enters plan, or as determined by the Compensation Committee of the New Board.</li> </ul>
Option Exercise Price	<ul style="list-style-type: none"> <li>50% of the Options will be granted with a per share exercise price equal to the daily average price of one share of VRM during the period from September 23, 2024, until November 8, 2024 prior to the Agreement Effective Date, which is a price equal to \$9.14 (or, if higher, the closing price of a share of New Common Stock on the date of grant ) and (b) 50% of the Options shall be granted with a per share exercise price equal to \$12.19 (or, if higher, the closing price of a share of New Common Stock on the date of grant ).</li> </ul>
Option Exercise Expiration	<ul style="list-style-type: none"> <li>Options shall remain exercisable until the earlier of (x) the 10<sup>th</sup> anniversary of the grant and (y) the 90<sup>th</sup> day following termination of employment (or, (i) if termination of employment is due to death or disability, the 12-month anniversary following termination, or (ii) on an involuntary termination, the 10<sup>th</sup> anniversary of the grant).</li> </ul>
Form of Payout	<ul style="list-style-type: none"> <li>Awards paid in common stock.</li> </ul>
Vesting/Payment	<ul style="list-style-type: none"> <li>RSUs cliff vest in 4 years.</li> <li>Options vest annually in ratable installments over a 4-year vesting period</li> <li>Participant must be employed by the company at the payment date, unless termination due to involuntary termination, death, or disability, as spelled out below, to receive any payout.</li> </ul>
Death or Disability	<ul style="list-style-type: none"> <li>Full vesting for executive severance plan participants.</li> </ul>
Voluntary Termination by Employee	<ul style="list-style-type: none"> <li>No payout</li> </ul>

<p>Involuntary Termination by Company without Cause or, for severance plan participants, by the Employee for Good Reason (as defined therein)</p>	<ul style="list-style-type: none"> <li>• CEO – Prorated monthly accelerated vesting (in the case of options, pro-ration limited to next tranche and based on the number of months served since prior vesting date divided by 12), except that if termination occurs prior to first anniversary of grant, first tranche of options vests and 25% of RSUs vest</li> <li>• SLT – Prorated monthly accelerated vesting (in the case of options, pro-ration limited to next tranche and based on the number of months served since prior vesting date divided by 12)</li> <li>• Non – SLT – Prorated accelerated vesting (for RSU only, no additional vesting on options), rounded down to the nearest year (i.e., if 18 months then 1 year. If 30 months then, 2 years)</li> </ul>
<p>Termination for Cause at Any Time</p>	<ul style="list-style-type: none"> <li>• No payout</li> </ul>
<p>Change of Control</p>	<ul style="list-style-type: none"> <li>• Minimum price \$9.14 then for CEO, 100 % vesting at time of closing. 6 Other executives 50% vesting at time of closing if minimum price is achieved. All others continue to time vest.</li> </ul>
<p>Conditions to Participation</p>	<ul style="list-style-type: none"> <li>• Notwithstanding anything to the contrary set forth herein, the New Board may (x) include in award agreements such restrictive covenants as set forth in the severance plan and (y) determine to condition the grant of any awards on the agreement or consent of the award recipient to waive any rights to acceleration of the MIP grants under the severance plan.</li> </ul>

Other terms

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**Exhibit 3**

**Plan**

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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

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In re:	§	
	§	Chapter 11
	§	
VROOM, INC.,	§	Case No. 24-[ ] ([ ])
	§	
Debtor. <sup>1</sup>	§	

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**PREPACKAGED PLAN OF REORGANIZATION FOR  
VROOM, INC. UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

<b>Porter Hedges LLP</b>
John F. Higgins Eric M. English M. Shane Johnson 1000 Main St., 36 <sup>th</sup> Floor Houston, TX 77002 Telephone: (713) 226-6000
Proposed Counsel for the Debtor and Debtor in Possession

Dated: November 12, 2024

---

<sup>1</sup> The Debtor in this case, along with the last four digits of the Debtor's federal tax identification numbers, is Vroom, Inc. (2566). The Debtor's address is 3600 West Sam Houston Pkwy S., Floor 4, Houston, Texas 77042.

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**THE CHAPTER 11 CASE HAS NOT BEEN COMMENCED AT THIS TIME. THIS PREPACKAGED PLAN OF REORGANIZATION, AND THE SOLICITATION MATERIALS ACCOMPANYING THIS PLAN, HAVE NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. UPON COMMENCEMENT OF THE CHAPTER 11 CASE, THE DEBTOR EXPECTS TO SEEK PROMPTLY AN ORDER OF THE BANKRUPTCY COURT (1) APPROVING THE ADEQUACY OF THE DISCLOSURE STATEMENT, (2) APPROVING THE SOLICITATION OF VOTES AS HAVING BEEN IN COMPLIANCE WITH SECTIONS 1125 AND 1126(b) OF THE BANKRUPTCY CODE; AND (3) CONFIRMING THIS PLAN PURSUANT TO SECTION 1129 OF THE BANKRUPTCY CODE.**

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**EXHIBITS**

Exhibit A

Restructuring Support Agreement



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**PREPACKAGED PLAN OF REORGANIZATION FOR  
VROOM, INC. UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

---

Vroom, Inc. (the “*Debtor*”) proposes the following prepackaged plan of reorganization (this “*Plan*”) for the treatment of the outstanding Claims (as defined below) against, and Equity Interests (as defined below) in, the Debtor. The Debtor is the proponent of this Plan within the meaning of section 1129 of the Bankruptcy Code. Reference is made to the Disclosure Statement (as such term is defined herein and distributed contemporaneously herewith) for a discussion of the Debtor’s history, business, results of operations, historical financial information, and projections, and for a summary and analysis of this Plan, the treatment provided for herein and certain related matters. There also are other agreements and documents, which shall be Filed with the Bankruptcy Court (as defined below), that are referenced in this Plan or the Disclosure Statement. The Plan Supplement Documents (as defined below) are incorporated into and are a part of this Plan as if set forth in full herein. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019 and the terms and conditions set forth in this Plan, the Debtor reserves the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation.

**ARTICLE I.**

**RULES OF INTERPRETATION, COMPUTATION OF TIME AND DEFINED TERMS**

*A. Rules of Interpretation*

For purposes herein: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) except as otherwise provided herein, any reference herein to a contract, lease, instrument, release, or other agreement or document shall mean as it may be amended, modified or supplemented from time to time (in accordance with the Restructuring Support Agreement and this Plan, in each case, to the extent applicable); (c) unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; *provided*, that nothing in this clause (c) shall affect any party’s consent rights over the Definitive Documents (as defined in the Restructuring Support Agreement) or any amendments thereto, as provided for in the Restructuring Support Agreement; (d) any reference to an Entity as a Holder of a Claim or an Equity Interest includes that Entity’s successors and assigns; (e) unless otherwise specified, all references herein to “Articles” and “Sections” are references to Articles and Sections hereof or hereto; (f) unless otherwise stated, the words “herein,” “hereof,” “hereunder” and “hereto” refer to this Plan in its entirety rather than to a particular portion of this Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (h) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to this Plan; (i) references to a specific article, section, or subsection of any statute, rule, or regulation expressly referenced herein shall, unless

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otherwise specified, include any amendments to or successor provisions of such article, section, or subsection in effect as of the date of this Plan; (j) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (k) references to “shareholders,” “directors,” and/or “officers” shall also include “members” and/or “managers,” as applicable, as such terms are defined under the applicable state limited liability company laws; (l) the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words “without limitation”; (m) any reference in this Plan to “\$” or “dollars” shall mean U.S. dollars; and (n) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Case, unless otherwise stated. Except as otherwise specifically provided in this Plan to the contrary, references in this Plan to “the Debtor” or to “the Reorganized Debtor” shall mean “the Debtor and the Reorganized Debtor”, as applicable, to the extent the context requires.

#### *B. Computation of Time*

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may occur pursuant to this Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day. Unless otherwise specified herein, any references to the Effective Date shall mean the Effective Date or as soon as reasonably practicable thereafter.

#### *C. Defined Terms*

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

“**510(b) Claim**” means any Claim subject to section 510(b) of the Bankruptcy Code. For the avoidance of doubt, 510(b) Claims include the Existing Securities Litigation Claims.

“**Administrative Claim**” means a Claim for costs and expenses of administration of the Chapter 11 Case that are Allowed under sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) any actual and necessary costs and expenses incurred on or after the Petition Date and through the Effective Date of preserving the Estate and operating the businesses of the Debtor; (b) Professional Fee Claims and any other compensation for legal, financial, advisory, accounting, and other services and reimbursement of expenses Allowed by the Bankruptcy Court under sections 328, 330, 331 or 503(b) of the Bankruptcy Code to the extent incurred on or after the Petition Date and through the Effective Date; and (c) all fees and charges assessed against the Estate under section 1930, chapter 123, of title 28, United States Code.

“**Affiliate**” shall, with respect to an Entity, have the meaning set forth in section 101(2) of the Bankruptcy Code as if such Entity were a debtor in a case under the Bankruptcy Code.

“**Allowed**” means, with respect to a Claim or Equity Interest (a) any Claim or Equity Interest as to which no objection to allowance has been interposed (either in the Bankruptcy Court

or in the ordinary course of business) on or before the applicable time period fixed by applicable non-bankruptcy law or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court, or as to which any objection has been determined by a Final Order, either before or after the Effective Date, to the extent such objection is determined in favor of the respective Holder; (b) any Claim or Equity Interest as to which the liability of the Debtor and the amount thereof are determined by a Final Order of a court of competent jurisdiction other than the Bankruptcy Court, either before or after the Effective Date; or (c) any Claim or Equity Interest expressly deemed Allowed by this Plan.

“**Alternate/Supplemental Distribution Process**” means alternate, additional or supplemental procedures in consultation with the Unsecured Notes Indenture Trustee in its capacity as Distribution Agent, to make distributions to Holders of Unsecured Notes and to eliminate such Unsecured Notes, including all book entry positions relating thereto, from DTC’s books and records.

“**Avoidance Actions**” means any and all actual or potential Claims and Causes of Action to avoid or recover a transfer of property or an obligation incurred by the Debtor arising under chapter 5 of the Bankruptcy Code, including sections 502(d), 544, 545, 547, 548, 549, 550, 551, and 553(b) of the Bankruptcy Code and applicable non-bankruptcy law.

“**Bankruptcy Code**” means title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended from time to time and as applicable to the Chapter 11 Case.

“**Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of Texas, Houston Division, or any other court having jurisdiction over the Chapter 11 Case.

“**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code and the Local Rules of the Bankruptcy Court, in each case as amended from time to time and as applicable to the Chapter 11 Case.

“**Business Day**” means any day, other than a Saturday, Sunday, “legal holiday” (as such term is defined in Bankruptcy Rule 9006(a)), or any other day on which commercial banks are required or authorized by law or executive order to be closed for commercial business with the public in New York City, New York.

“**Cash**” means cash in legal tender of the United States of America and cash equivalents, including bank deposits, checks, and other similar items.

“**Causes of Action**” means any action, claim, cross-claim, third-party claim, cause of action, controversy, dispute, demand, right, lien, indemnity, contribution, guaranty, suit, obligation, liability, loss, debt, fee, expense, damage, interest, judgment, cost, account, defense, remedy, offset, power, privilege, proceeding, license, and franchise of any kind or character whatsoever, known, unknown, foreseen or unforeseen, existing or hereafter arising, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively (including any alter ego theories), whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity or pursuant to any other theory of law (including under any state or federal

securities laws). For the avoidance of doubt, Causes of Action also include: (a) any right of setoff, counterclaim or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims or Equity Interests; (c) any claim pursuant to section 362 or chapter 5 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress and usury and any other defenses set forth in section 558 of the Bankruptcy Code; (e) any state law fraudulent transfer claim; and (f) any Avoidance Actions.

“**Chapter 11 Case**” means the case under chapter 11 of the Bankruptcy Code commenced by the Debtor in the Bankruptcy Court.

“**Claim**” means any “claim” as defined in section 101(5) of the Bankruptcy Code. Except where otherwise provided in context, “Claim” refers to such a claim against the Debtor.

“**Claims Register**” means the official register of Claims maintained by the Solicitation Agent.

“**Class**” means a category of Holders of Claims or Equity Interests as set forth in Article III hereof pursuant to section 1122(a) of the Bankruptcy Code.

“**Collateral**” means any property or interest in property of the Debtor’s Estate that is subject to a valid and enforceable Lien to secure a Claim.

“**Combined Hearing**” means the combined hearing to be held by the Bankruptcy Court pursuant to sections 105(d)(2)(B) (vi) and 1128 of the Bankruptcy Code to consider (a) final approval of the Disclosure Statement under sections 1125 and 1126(b) of the Bankruptcy Code and (b) confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

“**Combined Order**” means the order of the Bankruptcy Court (a) approving the Disclosure Statement as containing adequate information as required by the Bankruptcy Code and (b) confirming this Plan pursuant to sections 1125, 1126(b) and 1129 of the Bankruptcy Code.

“**Confirmation**” means the Bankruptcy Court’s entry of the Combined Order on the docket of the Chapter 11 Case.

“**Confirmation Date**” means the date upon which Confirmation occurs.

“**Consenting Equity Interest Holders**” means the Holders of Existing Equity Interests that are party to the Restructuring Support Agreement as “Consenting Equity Interest Holders” thereunder.

“**Consenting Noteholders**” means the Holders of Unsecured Notes Claims that are party to the Restructuring Support Agreement as “Consenting Noteholders” thereunder.

“**Consenting Stakeholders**” means, collectively, the Consenting Equity Interest Holders and the Consenting Noteholders.

“**Consummation**” means the occurrence of the Effective Date.

“**Cure Claim**” means a Claim (unless waived or modified by the applicable counterparty) based upon the Debtor’s defaults under an Executory Contract or an Unexpired Lease assumed by the Debtor under section 365 of the Bankruptcy Code, other than a default that is not required to be cured pursuant to section 365(b)(2) of the Bankruptcy Code.

“**D&O Liability Insurance Policies**” means all insurance policies (including, without limitation, the D&O Tail, any general liability policies, any errors and omissions policies, and, in each case, any agreements, documents, or instruments related thereto) in effect as of the Petition Date and providing coverage for liability of the Debtor’s directors, managers, and officers.

“**D&O Tail**” means that certain directors’ and officers’ liability insurance policy tail endorsement purchased by the Debtor.

“**Debtor**” means Vroom, Inc., as the debtor and debtor in possession in the Chapter 11 Case.

“**Debtor Release**” has the meaning set forth in Article X.B hereof.

“**Disclosure Statement**” means the *Disclosure Statement for the Prepackaged Plan of Reorganization for Vroom, Inc. Under Chapter 11 of The Bankruptcy Code*, dated as of November 12, 2024 (as amended, supplemented, or modified from time to time).

“**Disputed**” means any Claim, Equity Interest, or any portion thereof, that has not been Allowed, but has not been disallowed pursuant to this Plan or a Final Order of the Bankruptcy Court or other court of competent jurisdiction.

“**Distribution Agent**” means the Reorganized Debtor or any party designated by the Reorganized Debtor to serve as distribution agent under this Plan. For purposes of distributions under this Plan to Holders of Allowed Unsecured Notes Claims, the Unsecured Notes Indenture Trustee will be and shall act as the Distribution Agent.

“**Distribution Record Date**” means, other than with respect to publicly held securities, the date for determining which Holders of Claims or Equity Interests are eligible to receive distributions under this Plan, which date shall be the Effective Date, subject to Article VII.E of this Plan. For the avoidance of doubt, the Distribution Record Date shall not apply to publicly traded securities, which shall receive distributions, if any, in accordance with the applicable procedures of DTC.

“**DTC**” means The Depository Trust Company.

“**Effective Date**” means the first Business Day on which the conditions specified in Article IX of this Plan have been satisfied or waived in accordance with the terms of Article IX.

“**Entity**” means an “entity” as defined in section 101(15) of the Bankruptcy Code.

“**Equity Interest**” means any Equity Security or other ownership interest in the Debtor.

“**Equity Security**” means an “equity security” as defined in section 101(16) of the Bankruptcy Code.

“**ESO Grants**” means stock options to purchase New Common Stock to be granted to management employees of the Reorganized Debtor under the MIP, which shall (a) constitute (on an as-converted to common stock basis) five percent (5%) of the Fully-Diluted New Common Stock as of immediately following the Effective Date; (b) be allocated in good faith by the New Board in consultation with the Reorganized Debtor’s chief executive officer; and (c) otherwise be consistent with the MIP Term Sheet.

“**Estate**” means the estate of the Debtor created under section 541 of the Bankruptcy Code.

“**Exculpated Party**” means the Debtor.

“**Exculpation**” means the exculpation provision set forth in Article X.E hereof.

“**Executory Contract**” means a contract to which the Debtor is a party that is subject to assumption or rejection under section 365 or 1123 of the Bankruptcy Code, including any modifications, amendments, addenda, or supplements thereto or restatements thereof.

“**Existing Equity Awards**” means options or restricted stock units representing rights to purchase or acquire Equity Securities of the Debtor in existence immediately before the Effective Date in an aggregate amount equivalent to no more than 135,000 shares of common stock of the Debtor underlying restricted stock units and 25,911 shares of common stock of the Debtor underlying stock options, as of September 30, 2024, with a weighted average exercise price of \$514.33.

“**Existing Equity Interest**” means any Equity Security or other ownership interest in the Debtor as in existence immediately before the Effective Date, but excluding any Existing Equity Awards.

“**Existing Securities Litigation Claims**” means any Claims against the Debtor in the following matters: (a) *In re Vroom, Inc. Securities Litigation*, 21-cv-2477-PGG (S.D.N.Y. Mar. 22, 2021); (b) *In re Vroom, Inc. Shareholder Derivative Litigation*, 21-cv-6933-PGG (S.D.N.Y. Apr. 17, 2021); (c) *Godlu v. Vroom, Inc.*, 22-cv-00569-MN (D. Del. Apr. 28, 2022); and (d) *Hudda v. Vroom, Inc.*, 24-cv-00449-MN (D. Del. Apr. 15, 2024).

“**Federal Judgment Rate**” means the federal judgment rate in effect pursuant to 28 U.S.C. § 1961 as of the Petition Date, compounded annually.

“**File**” or “**Filed**” or “**Filing**” means file, filed or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Case.

“**Final Order**” means as applicable, an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the relevant subject matter, which (a) has not been reversed, stayed, modified, or amended, including any order subject to appeal but for which no stay of such order has been entered, and as to which the time to appeal, seek certiorari, or move for a new trial, reargument, reconsideration or rehearing has expired and as to which no appeal,

petition for certiorari, or other proceeding for a new trial, reargument, reconsideration or rehearing has been timely taken, or (b) as to which any appeal that has been taken or any petition for certiorari or motion for reargument, reconsideration or rehearing that has been or may be filed has been withdrawn with prejudice, resolved by the highest court to which the order or judgment was appealed or from which certiorari could be sought, or any request for new trial, reargument, reconsideration or rehearing has been denied, resulted in no stay pending appeal or modification of such order, or has otherwise been dismissed with prejudice; *provided*, that no order or judgment shall fail to be a “Final Order” solely because of the possibility that a motion under rules 59 or 60 of the Federal Rules of Civil Procedure or any analogous Bankruptcy Rule (or any analogous rules applicable in another court of competent jurisdiction) or sections 502(j) or 1144 of the Bankruptcy Code has been or may be filed with respect to such order or judgment.

“**Fully-Diluted New Common Stock**” means, collectively, (a) the New Common Stock issued on the Effective Date; (b) the New Warrants; (c) the MIP Equity; and (d) the Post-Effective Date Equity Awards, in each case, on an as-converted-to-common-stock basis.

“**General Unsecured Claim**” means any Unsecured Claim against the Debtor that is not an Administrative Claim, a Priority Tax Claim, a Restructuring Expense, a Cure Claim, an Other Priority Claim, an Unsecured Notes Claim, a 510(b) Claim, or an Intercompany Claim. For the avoidance of doubt, General Unsecured Claims include (a) Claims resulting from the rejection of Executory Contracts and Unexpired Leases and (b) Claims resulting from litigation against the Debtor (other than 510(b) Claims).

“**Governmental Unit**” means a “governmental unit” as defined in section 101(27) of the Bankruptcy Code.

“**Holder**” means any Entity that is the record or beneficial owner of any Claim or Equity Interest, including any nominees, investment managers, investment advisors, sub-advisors, or managers of funds or discretionary accounts that hold, or trustees of trusts that hold, any Claim or Equity Interest.

“**Impaired**” means, when used in reference to a Claim or Equity Interest, a Claim or Equity Interest that is “impaired” within the meaning of section 1124 of the Bankruptcy Code.

“**Indemnification Provisions**” means the Debtor’s indemnification obligations to the Indemnified Parties in effect as of the Petition Date, howsoever documented, whether in the Debtor’s bylaws, certificate of incorporation, other organizational documents, board resolutions, indemnification agreements, employment contracts, or as provided in and by applicable law or otherwise.

“**Indemnified Parties**” means any of the Debtor’s current and former directors, officers, managers, members, employees, accountants, investment bankers, attorneys, and other professionals of the Debtor, each of the foregoing solely in their capacity as such.

“**Insurance Contract**” means all insurance policies and all surety bonds and related agreements of indemnity that have been issued at any time to, or provide coverage to, the Debtor and all agreements, documents, or instruments relating thereto.

**“Intercompany Claim”** means any Claim against the Debtor held by a non-Debtor Affiliate, other than an Administrative Claim.

**“Judicial Code”** means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

**“Lien”** means a “lien” as defined in section 101(37) of the Bankruptcy Code, and, with respect to any property or asset, includes, without limitation, any mortgage, lien, pledge, charge, security interest or other encumbrance of any kind, or any other type of preferential arrangement that has the practical effect of creating a security interest, in respect of such property or asset.

**“Litigation Claims”** means the claims, rights of action, suits, or proceedings, whether in law or in equity, whether known or unknown, that the Debtor or the Estate may hold against any Person or Entity, including, without limitation, the Causes of Action of the Debtor or the Estate, in each case solely to the extent of the Debtor’s or its Estate’s interest therein. A non-exclusive list of the Litigation Claims held by the Debtor as of the Effective Date will be Filed with the Plan Supplement, which shall be deemed to include any derivative actions filed against the Debtor as of the Effective Date. For the avoidance of doubt, “Litigation Claims” shall exclude any Claims or Causes of Action subject to the Debtor Release set forth in Article X.B hereof.

**“Local Rules”** means the Bankruptcy Local Rules for the Southern District of Texas and the Procedures for Complex Cases in the Southern District of Texas.

**“MIP”** means a post-emergence equity-based management incentive plan implemented by amending and restating the Vroom, Inc. 2020 Incentive Award Plan, which shall be comprised of the RSU Awards and the ESO Grants.

**“MIP Equity”** means, collectively, the RSU Awards and the ESO Grants.

**“MIP Term Sheet”** means the term sheet governing the MIP, attached as Annex A to the Restructuring Term Sheet.

**“Mudrick”** means Mudrick Capital Management, L.P. on behalf of its funds and/or accounts in their capacities as Holders of Unsecured Notes Claims.

**“Mudrick Advisors”** means Wachtell Lipton Rosen & Katz, McGuireWoods LLP and such other professional advisors as are retained by Mudrick with the prior written consent of the Debtor, in each case, in such advisor’s capacity as an advisor to Mudrick.

**“New Board”** means the new board of directors of the Reorganized Debtor, as further described in the New Governance Documents, whose appointment and powers shall be as set forth in the New Governance Documents. The members of the New Board shall be acceptable to the Required Consenting Noteholders in their discretion and Filed with the Plan Supplement or a supplement thereto and in any event identified prior to the Effective Date.

**“New Common Stock”** means the new common stock to be issued by the Reorganized Debtor on the Effective Date.



“**New Governance Documents**” means any organizational or constitutional documents, including charters, bylaws, operating agreements, option agreements, shareholder agreement, registration rights agreements or other governance documents, in each case, relating to the Reorganized Debtor.

“**New Warrants**” means the warrants to purchase shares of New Common Stock to be issued in accordance with this Plan pursuant to section 1145 of the Bankruptcy Code. The New Warrants will be subject to the terms and conditions set forth in the New Warrants Agreement and shall: (a) be for the purchase of an aggregate of 1,808,243 shares of New Common Stock, equal to the number of existing outstanding shares of common stock of the Debtor immediately prior to the Effective Date; (b) have an exercise price equal to the Strike Price; (c) expire on the fifth anniversary of the Effective Date; (d) contain customary anti-dilution protection for stock splits, stock dividends, and similar events but will not have Black-Scholes protections; and (e) be freely transferable, subject to applicable securities laws.

“**New Warrants Agreement**” means the agreement governing the New Warrants to be entered into between the Debtor or Reorganized Debtor, as applicable, and a warrant agent on or prior to the Effective Date.

“**New Warrants Documents**” means, collectively, the New Warrants Agreement and a form of the New Warrants.

“**Non-Voting Classes**” means, collectively, Classes 1, 2, 4, 5, and 6.

“**Notice**” has the meaning set forth in Article XII.K of this Plan.

“**Other Priority Claim**” means any Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code, other than an Administrative Claim, a Cure Claim, or a Priority Tax Claim.

“**Person**” means a “person” as defined in section 101(41) of the Bankruptcy Code and also includes any natural person, firm, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, association, trust, government, governmental agency or other Entity, whether acting in an individual, fiduciary, or other capacity, or other Entity or organization.

“**Petition Date**” means the date on which the Debtor commences the Chapter 11 Case.

“**Plan**” means this *Prepackaged Plan of Reorganization for Vroom, Inc Under Chapter 11 of the Bankruptcy Code*, dated as of the date hereof, including the exhibits and all supplements, appendices, and schedules thereto (including, without limitation, the Plan Supplement Documents), either in its present form or as the same may be amended, supplemented, or modified from time to time.

“**Plan Securities**” means, collectively, the New Common Stock, the Post-Effective Date Equity Awards, and the New Warrants.

“**Plan Supplement**” means, collectively, the compilation of the Plan Supplement Documents, all of which are incorporated by reference into, and are an integral part of, this Plan, as all of the same may be amended, supplemented, or modified from time to time.

“**Plan Supplement Documents**” means, collectively, documents and forms of documents, and all exhibits, attachments, schedules, agreements, documents, and instruments referred to in the Plan Supplement, ancillary or otherwise, all of which are incorporated by reference into, and are an integral part of, this Plan, as all of the same may be amended, supplemented, or modified from time to time. The Plan Supplement Documents will include, without limitation, the following documents: the Restructuring Transaction Steps Memorandum (if applicable), the New Governance Documents (including, but not limited to, the charter and bylaws for the Reorganized Debtor), the New Warrants Documents, certain documents governing the MIP, the Schedule of Retained Causes of Action, the identity of the members of the New Board and any officers of the Reorganized Debtor, and the Schedule of Rejected Executory Contracts and Unexpired Leases.

“**Post-Effective Date Equity Awards**” means new equity awards convertible into New Common Stock on the same terms and conditions, and for the same number of units, applicable to the Existing Equity Awards in respect of the Existing Equity Interests as of immediately prior to the Effective Date.

“**Priority Tax Claim**” means any Unsecured Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

“**Pro Rata**” means, with respect to any Allowed Claim or Allowed Equity Interest of a particular Class, (a) the proportion that such Allowed Claim or Allowed Equity Interest bears to the aggregate amount of Allowed Claims or Allowed Equity Interests in such Class or (b) a proportionate allocation.

“**Professional**” means any Person or Entity retained by the Debtor in the Chapter 11 Case pursuant to section 327, 328, or 363 of the Bankruptcy Code (other than an ordinary course professional).

“**Professional Fee Claim**” means a Claim for accrued professional compensation under sections 328, 330, 331, or 503 of the Bankruptcy Code for compensation for services rendered or reimbursement of costs, expenses or other charges incurred on or after the Petition Date and prior to and including the Effective Date.

“**Professional Fee Escrow Account**” means a separate escrow account established, maintained, and funded by the Reorganized Debtor with Cash on the Effective Date in an amount equal to the Professional Fee Reserve Amount, as set forth in Article V.O.

“**Professional Fee Reserve Amount**” means the aggregate amount of Professional Fee Claims and other unpaid fees and expenses that the Professionals estimate they have incurred or will incur in rendering services to the Debtor prior to and as of the Effective Date.

“**Proof of Claim**” means a proof of Claim Filed against the Debtor in the Chapter 11 Case.

“**Release Opt-Out Form**” means the form to be provided to Holders of Claims in Non-Voting Classes through which such Holders may elect to affirmatively opt out of the Third-Party Release.

“**Released Parties**” means collectively: (a) the Debtor; (b) the Reorganized Debtor; (c) the Debtor’s current and former officers, directors, and managers; (d) the Consenting Stakeholders; (e) the Unsecured Notes Indenture Trustee; and (f) with respect to each of the foregoing Entities in clauses (a) through (e), such Entity and its current and former Affiliates, and such Entities’ and their current and former Affiliates’ current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), interest holders, predecessors, participants, successors, and assigns, subsidiaries, affiliates, managed accounts or funds, and each of their respective current and former equity holders, officers, directors, managers, principals, shareholders, members, management companies, fund advisors, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, underwriters of any securities issued by the Debtor, consultants, representatives, and other professionals; *provided*, that any Entity that would otherwise be a “Released Party” that votes to reject this Plan, objects to this Plan, or objects to or opts out of the Third-Party Release contained herein, shall not be a “Released Party.”

“**Releases**” means, collectively, the Debtor Release and the Third-Party Release.

“**Releasing Party**” means collectively: (a) the Released Parties; (b) all Holders of Claims and Equity Interests that vote to accept this Plan; (c) all Holders of Claims and Equity Interests that abstain from voting on this Plan and who do not affirmatively opt out of the releases provided by this Plan by checking the box on the applicable form indicating that they opt not to grant the releases provided in this Plan; (d) all Holders of Claims and Equity Interests that (i) vote to reject this Plan or (ii) are presumed to accept this Plan and who do not affirmatively opt out of the releases provided by this Plan by checking the box on the applicable form indicating that they opt not to grant the releases provided in this Plan in accordance with the procedures set forth in the Solicitation Procedures Order; and (e) with respect to the Debtor, the Reorganized Debtor, and each of the foregoing Entities in clauses (a) through (d), such Entity and its current and former Affiliates, and such Entities’ and their current and former Affiliates’ current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), interest holders, predecessors, successors, and assigns, subsidiaries, affiliates, managed accounts or funds, and each of their respective current and former equity holders, officers, directors, managers, principals, shareholders, members, management companies, fund advisors, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, underwriters of any securities issued by the Debtor, consultants, representatives, and other professionals, each in their capacity as such collectively.

“**Reorganized Debtor**” means the Debtor, as reorganized pursuant to and under this Plan or any successor thereto on or after the Effective Date, and its successors.

“**Representatives**” means, with respect to a Person, such Person’s current and former (a) officers, (b) directors, (c) managers, (d) principals, (e) members, (f) employees, (g) agents, (h) advisory board members, (i) financial advisors, (j) partners, (k) attorneys, (l) accountants, (m)

investment bankers, (n) consultants, (o) representatives, and (p) other professionals, each in their capacity as such.

**“Required Consenting Noteholders”** has the meaning set forth in the Restructuring Support Agreement.

**“Restructuring Documents”** means collectively, the documents and agreements (and the exhibits, schedules, annexes, and supplements thereto) necessary to implement, or entered into in connection with, this Plan, including, without limitation, the Plan Supplement Documents, the New Governance Documents, the New Warrants Documents, and any other “Definitive Documents” (as defined in the Restructuring Support Agreement).

**“Restructuring Expenses”** means (a) the reasonable and documented fees and expenses of the Mudrick Advisors, in each case payable in accordance with the terms hereof, any applicable engagement letters with the Debtor, the Restructuring Support Agreement and/or the Unsecured Notes Documents, as applicable and (b) the Unsecured Notes Indenture Trustee Fees and Expenses.

**“Restructuring Support Agreement”** means that certain Restructuring Support Agreement, dated as of November 12, 2024, by and among the Debtor, the Consenting Noteholders, and any other parties thereto (as amended, supplemented, or modified from time to time), attached as Exhibit A to this Plan.

**“Restructuring Term Sheet”** means the term sheet attached as Exhibit 2 to the Restructuring Support Agreement.

**“Restructuring Transaction Steps Memorandum”** means the document setting forth the sequence of certain Restructuring Transactions, if any.

**“Restructuring Transactions”** has the meaning ascribed thereto in Article V.A of this Plan.

**“RSU Awards”** means restricted stock units with respect to New Common Stock to be granted to employees of the Reorganized Debtor, which shall: (a) constitute (on an as-converted to common stock basis) ten percent (10%) of the Fully-Diluted New Common Stock as of immediately following the Effective Date; (b) be allocated in good faith by the New Board in consultation with the Reorganized Debtor’s chief executive officer; and (c) otherwise be consistent with the MIP Term Sheet.

**“Schedule of Rejected Executory Contracts and Unexpired Leases”** means the schedule of certain Executory Contracts and Unexpired Leases, if any, to be rejected by the Debtor pursuant to this Plan.

**“Schedule of Retained Causes of Action”** means the schedule of certain Causes of Action of the Debtor that are not released, waived, or transferred pursuant to this Plan.

**“Secured Claim”** means a Claim that is secured by a Lien on property in which the Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder’s interest in such Estate’s interest in such property or to the extent

of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code.

“**Securities Act**” means the Securities Act of 1933, 15 U.S.C. §§ 77c-77aa, as now in effect or hereafter amended, and the rules and regulations promulgated thereunder.

“**Solicitation**” means the solicitation of votes on this Plan pursuant to sections 1125 and 1126 of the Bankruptcy Code.

“**Solicitation Agent**” means Kurtzman Carson Consultants, LLC dba Verita Global, in its capacity as solicitation, notice, claims and balloting agent for the Debtor.

“**Solicitation Materials**” means any materials used in connection with Solicitation, including the Disclosure Statement and any procedures established by the Bankruptcy Court with respect to Solicitation pursuant to the Solicitation Procedures Order.

“**Solicitation Procedures Order**” means the order of the Bankruptcy Court approving, among other things, the Solicitation procedures and scheduling the Combined Hearing.

“**Specified Employee Plans**” means all employment agreements and severance policies, and all employment, compensation and benefit plans, policies, and programs of the Debtor applicable to any of their respective officers, directors, employees and retirees, including, without limitation, all workers’ compensation programs, savings plans, retirement plans, supplemental executive retirement (SERP) plans, healthcare plans, disability plans, retention plans, life and accidental death and dismemberment insurance plans, health and welfare plans, and 401(k) plans.

“**Strike Price**” means \$12.19 per share.

“**Third-Party Release**” has the meaning set forth in Article X.B hereof.

“**Unexpired Lease**” means a lease to which the Debtor is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code, including any modifications, amendments, addenda, or supplements thereto or restatements thereof.

“**Unimpaired**” means, with respect to a Class of Claims, a Claim that is “unimpaired” within the meaning of section 1124 of the Bankruptcy Code.

“**Unsecured Claim**” means any Claim that is not a Secured Claim.

“**Unsecured Notes**” means Vroom, Inc.’s 0.750% unsecured convertible senior notes due 2026 issued pursuant to the Unsecured Notes Indenture.

“**Unsecured Notes Claims**” means any Claim on account of, arising under, derived from, or based on the Unsecured Notes Indenture, including any Claim for all principal amounts outstanding, accrued and unpaid interest (including any compounding), fees, expenses, costs, indemnification, and other amounts arising under, derived from, related to, or based on the Unsecured Notes Documents.

“*Unsecured Notes Documents*” means the Unsecured Notes Indenture together with all other related documents, instruments, and agreements, in each case as supplemented, amended, restated, or otherwise modified from time to time.

“*Unsecured Notes Indenture*” means that certain indenture governing the Unsecured Notes, dated as of June 18, 2021 (as amended, restated, amended and restated, supplemented, or modified from time to time), between Vroom, Inc., as issuer, and U.S. Bank National Association, as trustee.

“*Unsecured Notes Indenture Trustee*” means U.S. Bank National Association, solely in its capacity as trustee under the Unsecured Notes Documents (as applicable), including to the extent serving as a Distribution Agent (*provided* that if the context requires only certain of the foregoing capacities, then only in such capacity(ies)) or, as applicable, any successors, assignees, or delegates thereof.

“*Unsecured Notes Indenture Trustee Fees and Expenses*” means the reasonable documented fees and out-of-pocket expenses of the Unsecured Notes Indenture Trustee, including the reasonable and documented fees and out-of-pocket expenses of its counsel.

“*Voting Classes*” means Classes 3, 7, and 8.

“*Voting Record Date*” means the applicable date for determining (a) which Holders of Claims and Equity Interests in the Voting Classes are entitled, as applicable, to receive the Disclosure Statement and to vote to accept or reject this Plan, and (b) which Holders of Claims in the Non-Voting Classes are entitled, as applicable, to receive a Release Opt-Out Form.

## ARTICLE II.

### ADMINISTRATIVE, DIP FACILITY, AND PRIORITY TAX CLAIMS

#### *A. Administrative Claims*

##### 1. Generally

Subject to the paragraph below regarding Professional Fee Claims, to the extent such Claim has not already been paid in full during the Chapter 11 Case, on the later of the Effective Date or the date on which an Administrative Claim becomes an Allowed Administrative Claim, or, in each such case, as soon as practicable thereafter, each Holder of an Allowed Administrative Claim (other than an Allowed Professional Fee Claim or fees and charges assessed against the Estate under section 1930, chapter 123, of title 28, United States Code), in full and final satisfaction, settlement, discharge and release of, and in exchange for, such Claim, shall receive, at the option of the Debtor or the Reorganized Debtor, as applicable: (a) payment in full in Cash in an amount equal to the due and unpaid portion of such Allowed Administrative Claim or (b) such other less favorable treatment as to which the Debtor or the Reorganized Debtor, as applicable, and the Holder of such Allowed Administrative Claim shall have agreed upon in writing; or (c) such other treatment as permitted by section 1129(a)(9) of the Bankruptcy Code; provided that Administrative Claims incurred by the Debtor in the ordinary course of business may be paid in the ordinary course of business by the Debtor or Reorganized Debtor in

accordance with such applicable terms and conditions relating thereto without further notice to or order of the Bankruptcy Court.

## 2. Professional Fee Claims

### (a) Final Fee Applications

All final requests for Professional Fee Claims shall be Filed no later than thirty (30) days after the Effective Date. After notice in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court. Objections to any Professional Fee Claim must be Filed and served on the Reorganized Debtor and the requesting party by no later than twenty-one (21) days after the Filing of the applicable final request for payment of the Professional Fee Claim.

### (b) Professional Fee Escrow Account

No later than the Effective Date, the Debtor or the Reorganized Debtor, as applicable, shall establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account shall be maintained by the Reorganized Debtor, in trust solely for the benefit of the Professionals. The Reorganized Debtor shall not commingle any funds contained in the Professional Fee Escrow Account. No Liens, claims, or interests shall encumber the Professional Fee Escrow Account or Cash held in the Professional Fee Escrow Account in any way. Such funds shall not be considered property of the Estate, the Debtor, or the Reorganized Debtor. The amount of Professional Fee Claims owing to the Professionals shall be paid in full in Cash to such Professionals by the Reorganized Debtor from the Professional Fee Escrow Account within five (5) Business Days after such Professional Fee Claims are Allowed by a Final Order; provided that the Debtor's and the Reorganized Debtor's obligations to pay Allowed Professional Fee Claims shall not be limited or deemed limited to funds held in the Professional Fee Escrow Account. To the extent that funds held in the Professional Fee Escrow Account are insufficient to satisfy the Allowed amount of Professional Fee Claims owing to the Professionals, the Reorganized Debtor shall pay such amounts within ten (10) Business Days after entry of the order approving such Professional Fee Claims. When all such Professional Fee Claims have been resolved (either because they are Allowed Professional Fee Claims that have been paid or because they have been disallowed, expunged, or withdrawn), any remaining amount in the Professional Fee Escrow Account shall promptly be paid to the Reorganized Debtor without any further action or order of the Bankruptcy Court and distributed as set forth herein.

### (c) Professional Fee Reserve Amount

To receive payment for unbilled fees and expenses incurred through the Effective Date, the Professionals shall estimate their accrued and unpaid Professional Fee Claims prior to and as of the Effective Date and shall deliver such estimate to the Debtor within five (5) days of the Effective Date. If a Professional does not provide such estimate, the Reorganized Debtor shall estimate the accrued and unpaid fees and expenses of such Professional; *provided* that such estimate shall not be considered an admission or limitation with respect to the fees and expenses of such Professional. The total amount so estimated as of the Effective Date shall comprise the

Professional Fee Reserve Amount; *provided* that the Reorganized Debtor shall use Cash on hand to increase the amount of the Professional Fee Escrow Account to the extent fee applications are Filed after the Effective Date in excess of the amount held in the Professional Fee Escrow Account based on such estimates.

(d) Post-Confirmation Date Fees and Expenses

Except as otherwise specifically provided in this Plan, from and after the Confirmation Date, the Reorganized Debtor shall in the ordinary course of business pay (subject to the receipt of an invoice) in Cash the reasonable and documented legal, professional, or other fees and expenses incurred by the Debtor or Reorganized Debtor (as applicable) after the Confirmation Date without any further notice to or action, order, or approval of the Bankruptcy Court. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtor may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

*B. Priority Tax Claims*

Subject to Article VIII hereof, except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code and, for the avoidance of doubt, Holders of Allowed Priority Tax Claims will receive, if legally required, interest on such Allowed Priority Tax Claims after the Effective Date in accordance with sections 511 and 1129(a)(9)(C) of the Bankruptcy Code. To the extent any Allowed Priority Tax Claim is not due and owing on the Effective Date, such Claim shall be paid in accordance with the terms of any agreement between the Reorganized Debtor and the Holder of such Claim, or as may be due and payable under applicable non-bankruptcy law, or in the ordinary course of business. On the Effective Date, any Liens securing any Allowed Priority Tax Claims shall be deemed released, terminated, and extinguished, in each case without further notice to or order of the Bankruptcy Court, act, or action under applicable law, regulation, order or rule, or the vote, consent, authorization, or approval of any Person.

*C. Statutory Fees*

All fees due and payable pursuant to section 1930 of chapter 123 of the Judicial Code prior to the Effective Date shall be paid by the Debtor. On and after the Effective Date, the Reorganized Debtor shall pay any and all such fees when due and payable and shall File with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the United States Trustee. The Debtor shall remain obligated to pay quarterly fees to the United States Trustee until the earliest of the Chapter 11 Case being closed, dismissed, or converted to a case under chapter 7 of the Bankruptcy Code.



**ARTICLE III.**

**CLASSIFICATION AND TREATMENT  
OF CLASSIFIED CLAIMS AND EQUITY INTERESTS**

*A. Summary*

Except for the Claims addressed in Article II of this Plan, all Claims and Equity Interests are classified in the Classes set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtor has not classified Administrative Claims and Priority Tax Claims, as described in Article II.

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including, without limitation, for voting, Confirmation, and distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. This Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that such Claim or Equity Interest qualifies within the description of that Class, and such Claim or Equity Interest shall be deemed classified in a different Class to the extent that any remaining portion of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid, released, disallowed, or otherwise settled prior to the Effective Date.

Summary of Classification and Treatment of Classified Claims and Equity Interests

<u>Class</u>	<u>Claim/Equity Interest</u>	<u>Status</u>	<u>Voting Rights</u>
1.	Other Priority Claims	Unimpaired	Presumed to Accept
2.	Secured Claims	Unimpaired	Presumed to Accept
3.	<i>Unsecured Notes Claims</i>	<i>Impaired</i>	<i>Entitled to Vote</i>
4.	General Unsecured Claims	Unimpaired	Presumed to Accept
5.	510(b) Claims	Unimpaired	Presumed to Accept
6.	Intercompany Claims	Unimpaired	Presumed to Accept
7.	<i>Existing Equity Interests</i>	<i>Impaired</i>	<i>Entitled to Vote</i>
8.	<i>Existing Equity Awards</i>	<i>Impaired</i>	<i>Entitled to Vote</i>

*B. Classification and Treatment of Claims and Equity Interests*

1. Class 1 – Other Priority Claims

- (a) *Classification:* Class 1 consists of the Other Priority Claims.

- (b) *Treatment:* Subject to Article VIII hereof, to the extent such Allowed Other Priority Claim has not already been paid in full during the Chapter 11 Case, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Other Priority Claim shall receive in full and final satisfaction, settlement, discharge and release of, and in exchange for, such Other Priority Claim, at the option of the Debtor or the Reorganized Debtor, as applicable: (a) payment in full in Cash in an amount equal to the due and unpaid portion of such Allowed Other Priority Claim; (b) such other less favorable treatment as to which the Debtor or Reorganized Debtor, as applicable, and the Holder of such Allowed Other Priority Claim shall have agreed upon in writing; or (c) such other treatment such that such Allowed Other Priority Claim will be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code; *provided* that Other Priority Claims incurred by the Debtor in the ordinary course of business may be paid in the ordinary course of business by the Debtor or Reorganized Debtor in accordance with the terms and conditions of any agreements relating thereto without further notice to or order of the Bankruptcy Court.
- (c) *Voting:* Class 1 is an Unimpaired Class, and the Holders of Claims in Class 1 are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1 are not entitled to vote to accept or reject this Plan. Holders of Claims in Class 1 will be provided a Release Opt-Out Form solely for purposes of affirmatively opting out of the Third-Party Release.

## 2. Class 2 – Secured Claims

- (a) *Classification:* Class 2 consists of the Secured Claims. Class 2 consists of separate subclasses for each Secured Claim.
- (b) *Treatment:* Subject to Article VIII hereof, except to the extent that a Holder of an Allowed Secured Claim agrees to less favorable treatment of its Allowed Secured Claim, in full and final satisfaction, settlement, release, and discharge of each Allowed Secured Claim, on the Effective Date, each Holder of such Allowed Secured Claim shall receive either (a) payment in full in Cash; (b) delivery of the Collateral securing such Allowed Secured Claim; (c) reinstatement of such Allowed Secured Claim; or (d) such other treatment rendering such Allowed Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code; *provided* that Secured Claims incurred by the Debtor in the ordinary course of business may be paid in the ordinary course of business by the Debtor or Reorganized Debtor in accordance with the terms and conditions of any agreements relating thereto without further notice to or order of the Bankruptcy Court.
- (c) *Voting:* Class 2 is an Unimpaired Class, and the Holders of Claims in Class 2 are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class

2 are not entitled to vote to accept or reject this Plan. Holders of Claims in Class 2 will be provided a Release Opt-Out Form solely for purposes of affirmatively opting out of the Third-Party Release.

3. Class 3 – Unsecured Notes Claims

- (a) *Classification:* Class 3 consists of the Unsecured Notes Claims.
- (b) *Treatment:* Except to the extent that such Holder of an Allowed Unsecured Notes Claim agrees to less favorable treatment, on the Effective Date, each Holder of Allowed Unsecured Notes Claims will receive, in full and final satisfaction, settlement, discharge and release of, and in exchange for, its Allowed Unsecured Notes Claim, its *Pro Rata* share of 92.94% of the New Common Stock (subject to dilution by (i) the New Warrants, (ii) the MIP Equity, and (iii) the Post-Effective Date Equity Awards).
- (c) *Voting:* Class 3 is Impaired, and Holders of Claims in Class 3 are entitled to vote to accept or reject this Plan.

4. Class 4 – General Unsecured Claims

- (a) *Classification:* Class 4 consists of the General Unsecured Claims.
- (b) *Treatment:* Except to the extent that a Holder of an Allowed General Unsecured Claim and the Debtor agree to less favorable treatment on account of such Claim, each Holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction, settlement, release and discharge of, and in exchange for, such Allowed General Unsecured Claim, on or as soon as practicable after the Effective Date or when such obligation becomes due in the ordinary course of business in accordance with applicable law or the terms of any agreement that governs such Allowed General Unsecured Claim, whichever is later, in the sole discretion of the Debtor, either (a) payment in full in Cash, or (b) such other treatment as to render such Holder Unimpaired in accordance with section 1124 of the Bankruptcy Code; *provided* that no Holder of an Allowed General Unsecured Claim shall receive any distribution for any Claim that has previously been satisfied pursuant to a Final Order of the Bankruptcy Court.
- (c) *Voting:* Class 4 is an Unimpaired Class, and the Holders of Claims in Class 4 are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 4 are not entitled to vote to accept or reject this Plan. Holders of Claims in Class 4 will be provided a Release Opt-Out Form solely for purposes of affirmatively opting out of the Third-Party Release.

5. Class 5 – 510(b) Claims

- (a) *Classification:* Class 5 consists of the 510(b) Claims.

- (b) *Treatment:* On the Effective Date, each 510(b) Claim shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.
- (c) *Voting:* Class 5 is an Unimpaired Class, and the Holders of Claims in Class 5 are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 5 are not entitled to vote to accept or reject this Plan. Holders of Claims in Class 5 will be provided a Release Opt-Out Form solely for purposes of affirmatively opting out of the Third-Party Release.

6. Class 6 – Intercompany Claims

- (a) *Classification:* Class 6 consists of the Intercompany Claims.
- (b) *Treatment:* On the Effective Date, each Intercompany Claim shall be, at the option of the Debtor or the Reorganized Debtor, as applicable, reinstated, compromised, or canceled and released without any distribution.
- (c) *Voting:* Class 6 is an Unimpaired Class, and the Holders of Claims in Class 6 are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 6 are not entitled to vote to accept or reject this Plan.

7. Class 7 – Existing Equity Interests

- (a) *Classification:* Class 7 consists of the Existing Equity Interests.
- (b) *Treatment:* Except to the extent that a Holder of an Allowed Existing Equity Interest agrees to less favorable treatment, on the Effective Date, each Holder of an Allowed Existing Equity Interest shall receive:
  - (i) its *Pro Rata* share of 7.06 % of the New Common Stock (subject to dilution by (1) the New Warrants, (2) the MIP Equity, and (3) the Post-Effective Date Equity Awards); and
  - (ii) its *Pro Rata* share of the New Warrants.
- (c) *Voting:* Class 7 is Impaired, and Holders of Claims in Class 7 are entitled to vote to accept or reject this Plan.

8. Class 8 – Existing Equity Awards

- (a) *Classification:* Class 8 consists of the Existing Equity Awards.
- (b) *Treatment:* Except to the extent that a Holder of an Allowed Existing Equity Award agrees to less favorable treatment, on the Effective Date, all Allowed Existing Equity Awards shall be converted into the Post-Effective Date Equity Awards.

- (c) *Voting:* Class 8 is Impaired, and Holders of Claims in Class 8 are entitled to vote to accept or reject this Plan.

*C. Special Provision Governing Unimpaired Claims*

Except as otherwise provided herein, nothing under this Plan shall affect or limit the Debtor's or the Reorganized Debtor's rights and defenses (whether legal or equitable) in respect of any Unimpaired Claims, including, without limitation, all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

*D. Elimination of Vacant Classes*

Any Class of Claims or Equity Interests that is not occupied as of the commencement of the Combined Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018, or as to which no vote is cast, shall be deemed eliminated from this Plan for purposes of voting to accept or reject this Plan and for purposes of determining acceptance or rejection of this Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

**ARTICLE IV.**

**ACCEPTANCE OR REJECTION OF THE PLAN**

*A. Presumed Acceptance of Plan*

Classes 1, 2, 4, 5, and 6 are Unimpaired under this Plan. Therefore, the Holders of Claims in such Classes are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject this Plan. Notwithstanding their non-voting status, Holders of Claims in Classes 1, 2, 4, and 5 will receive a Release Opt-Out Form to allow such Holders to affirmatively opt out of the Third-Party Release.

*B. Voting Classes*

Classes 3, 7, and 8 are Impaired under this Plan. The Holders of Claims or Equity Interests in such Classes as of the Voting Record Date are entitled to vote to accept or reject this Plan.

*C. Presumed Acceptance by Non-Voting Classes*

If a Class contains Claims or Equity Interests eligible to vote and no Holder of Claims or Equity Interests eligible to vote in such Class votes to accept or reject this Plan, this Plan shall be presumed accepted by the Holders of such Claims or Equity Interests, as applicable, in such Class.

*D. Acceptance by Impaired Class*

Pursuant to section 1126(c) of the Bankruptcy Code and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims has accepted this Plan if

the Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims in such Class actually voting have voted to accept this Plan.

Pursuant to section 1126(d) of the Bankruptcy Code and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Equity Interests has accepted this Plan if the Holders of at least two-thirds (2/3) in dollar amount of the Allowed Equity Interests in such Class actually voting have voted to accept this Plan.

*E. Controversy Concerning Impairment*

If a controversy arises as to whether any Claims or Equity Interests, or any Class of Claims or Equity Interests, is Impaired or properly classified under this Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy at or before the Combined Hearing.

*F. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code; Cram Down*

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of this Plan by Class 3. The Debtor requests confirmation of this Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that does not accept this Plan pursuant to section 1126 of the Bankruptcy Code. The Debtor reserves the right, subject to the terms of the Restructuring Support Agreement, to modify this Plan or the Plan Supplement in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

*G. Votes Solicited in Good Faith*

The Debtor has, and upon Confirmation shall be deemed to have, solicited votes on this Plan from the Voting Classes in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125 and 1126 of the Bankruptcy Code, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with Solicitation. Accordingly, the Debtor, the Reorganized Debtor, and each of their respective Representatives shall be entitled to, and upon Confirmation are granted, the protections of section 1125(e) of the Bankruptcy Code.

**ARTICLE II.**

**MEANS FOR IMPLEMENTATION OF THE PLAN**

*A. Restructuring Transactions*

Without limiting any rights and remedies of the Debtor or Reorganized Debtor under this Plan or applicable law, the entry of the Combined Order shall constitute authorization for the Debtor and Reorganized Debtor, as applicable, to take, or to cause to be taken, all actions necessary or appropriate to consummate and implement the provisions of this Plan prior to, on and after the Effective Date, subject to the consent rights and agreements and obligations contained in the Restructuring Support Agreement. Such restructuring may include one or more

issuances, transfers, mergers, amalgamations, consolidations, restructurings, dispositions, liquidations, conversions, elections, dissolutions, cancellations, formations, or creations of one or more new Entities, as may be determined by the Debtor (in consultation with the Required Consenting Noteholders) or Reorganized Debtor, to be necessary or appropriate (collectively, the “**Restructuring Transactions**”).

All such Restructuring Transactions taken, or caused to be taken, shall be deemed to have been authorized and approved by the Bankruptcy Court upon the entry of the Combined Order. The actions to effectuate the Restructuring Transactions may include: (a) the execution and delivery of appropriate agreements or other documents of issuance, transfer, merger, amalgamation, consolidation, restructuring, disposition, liquidation, conversion, elections, cancellation, formation, creation, or dissolution containing terms that are consistent with the terms of this Plan and that satisfy the applicable requirements of applicable state law and such other terms to which the applicable Entities may agree; (b) the execution and delivery of appropriate instruments of issuance, transfer, assignment, assumption, distribution, contribution, direction, or delegation of any asset, property, right, liability, duty, or obligation on terms consistent with the terms of this Plan and having such other terms to which the applicable Entities may agree; (c) the filing of appropriate certificates or articles of issuance, transfer, merger, amalgamation, consolidation, restructuring, disposition, liquidation, cancellation, formation, creation, conversion, or dissolution, or the filing of elections, pursuant to applicable state law; (d) the creation of one or more new Entities; and (e) all other actions that the applicable Entities determine to be necessary or appropriate, including, without limitation, making filings or recordings that may be required by applicable state law in connection with such transactions.

The Restructuring Transactions shall include the Restructuring Transactions set forth herein, as well as those which may be set forth in the Restructuring Transaction Steps Memorandum (if applicable). Pursuant to sections 363 and 1123 of the Bankruptcy Code, the Combined Order shall and shall be deemed to authorize the Restructuring Transactions, including, without limitation and to the extent applicable, those set forth in the Restructuring Transaction Steps Memorandum, which shall and shall be deemed to occur in the sequence set forth therein.

#### *B. Continued Corporate Existence*

Subject to the Restructuring Transactions permitted by Article V.A of this Plan, after the Effective Date, the Reorganized Debtor shall continue to exist as a separate legal Entity in accordance with the applicable law in the jurisdiction in which it is incorporated and pursuant to its certificate or articles of incorporation and by-laws, or other applicable organizational documents, in effect immediately prior to the Effective Date, except to the extent such certificate and/or articles of incorporation and by-laws, or other applicable organizational documents, are amended, restated, cancelled, or otherwise modified by this Plan, the Plan Supplement, or otherwise, and to the extent any such document is amended, such document is deemed amended pursuant to this Plan and requires no further action or approval (other than any requisite filings required under applicable state or federal law).

*C. Vesting of Assets in the Reorganized Debtor Free and Clear of Liens and Claims*

Except as otherwise expressly provided in this Plan, the Combined Order, or any Restructuring Document, pursuant to sections 1123(a)(5), 1123(b)(3), 1141(b) and (c) and other applicable provisions of the Bankruptcy Code, on and after the Effective Date, all property and assets of the Debtor's Estate, all claims, rights, and Litigation Claims of the Debtor, and any other assets or property acquired by the Debtor or the Reorganized Debtor during the Chapter 11 Case or under or in connection with this Plan (other than Claims or Causes of Action subject to the Debtor Release, the Professional Fee Escrow Account and any rejected Executory Contracts and/or Unexpired Leases), shall vest in the Reorganized Debtor free and clear of all Claims, Liens, charges, and other encumbrances, subject to the Restructuring Transactions and Liens that survive the occurrence of the Effective Date as described in Article III of this Plan. On and after the Effective Date, the Reorganized Debtor may (a) operate its businesses, (b) use, acquire, and dispose of its property and (c) compromise or settle any Claims, in each case without notice to, supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by this Plan or the Combined Order.

*D. Issuance and Distribution of Plan Securities*

On the Effective Date or as soon as reasonably practicable thereafter, subject to Article V.E and the terms and conditions of the Restructuring Transactions, the Reorganized Debtor shall issue the applicable Plan Securities to (a) Holders of Allowed Unsecured Notes Claims in Class 3 and (b) Holders of Allowed Equity Interests in Class 7 and Class 8. For avoidance of doubt: (a) the New Common Stock issued to Holders of Allowed Unsecured Notes Claims in Class 3 and Allowed Equity Interests in Class 8 shall be subject to dilution by the Post-Effective Date Equity Awards, the New Warrants, and the MIP Equity; (b) the Post-Effective Date Equity Awards issued to Holders of Existing Equity Awards in Class 8 shall be subject to dilution by the New Warrants and the MIP Equity; (c) the New Warrants shall be subject to dilution by the Post-Effective Date Equity Awards and the MIP Equity; and (d) the MIP Equity will be issued on a fully-diluted basis after giving effect to the issuance, vesting or exercise, as applicable, of all Plan Securities. The New Common Stock shall carry voting rights in accordance with the New Governance Documents.

Distribution of the Plan Securities may be made by delivery of stock certificates or book-entry transfer thereof by (or at the direction or consent of) the applicable Distribution Agent in accordance with this Plan, the New Warrants Agreement, and the New Governance Documents. Upon the Effective Date, after giving effect to the transactions contemplated hereby, the authorized capital stock or other equity securities of the Reorganized Debtor shall be the number of shares of common stock of the Reorganized Debtor as may be designated in the New Governance Documents and/or the New Warrants Agreement.

*E. Plan Securities; Securities Act Registration and Section 1145 and Private Placement Exemptions*

On and after the Effective Date, the Debtor and the Reorganized Debtor, as applicable, are authorized to and shall provide or issue the Plan Securities (including the Post-Effective Date



Equity Awards or the MIP Equity and the New Common Stock issuable upon exercise of the New Warrants) and any and all other notes, stock, instruments, certificates, and other documents or agreements required to be distributed, issued, executed or delivered pursuant to or in connection with this Plan, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity.

The offering, issuance, and distribution of Plan Securities (including the New Common Stock, Post-Effective Date Equity Awards, the MIP Equity, and the issuance of New Common Stock upon exercise of the New Warrants) shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable law requiring registration before the offering, issuance, distribution or sale of securities pursuant to section 1145(a) of the Bankruptcy Code. The Reorganized Debtor reserves the right to register Plan Securities, including the shares of New Common Stock underlying the New Warrants, with the U.S. Securities and Exchange Commission by filing a registration statement on Form S-1 in its discretion if it determines that doing so would be necessary or desirable in connection with the trading of such Plan Securities. The New Warrants will not be exercisable for a period of one (1) year after the Effective Date.

The Plan Securities shall be freely transferable by the recipients thereof, subject to (a) any limitations that may be applicable to any Person receiving such securities that is an “affiliate” of the Reorganized Debtor as determined in accordance with applicable U.S. securities law and regulations or is otherwise an “underwriter” as defined in section 1145(b) of the Bankruptcy Code; (b) any transfer restrictions of such securities and instruments in the New Governance Documents; and (c) the receipt of any applicable regulatory approvals.

The Plan Securities issued pursuant to Section 4(a)(2), Regulation D and/or Regulation S and not subject to Section 1145(a) of the Bankruptcy Code, if any, will be “restricted securities” subject to resale restrictions and may be resold, exchanged, assigned, or otherwise transferred only pursuant to registration (or an applicable exemption from such registration requirements) under the Securities Act and other applicable law. Such securities will also be subject to any transfer restrictions in the New Governance Documents and the receipt of any applicable regulatory approvals.

The Plan Securities will be made eligible for clearance and trading through the book entry facilities of DTC, subject to restrictions on transfer, including any restrictions under the applicable non-bankruptcy law, on or as promptly as practicable after the Effective Date, and the Reorganized Debtor shall not be required to provide any further evidence other than this Plan or Combined Order with respect to the treatment of such applicable portion of the New Common Stock or the New Warrants, and this Plan or Combined Order shall be deemed to be legal and binding obligations of the Reorganized Debtor in all respects.

DTC (and any stock transfer agent) shall be required to accept and conclusively rely upon this Plan and Combined Order in lieu of a legal opinion regarding whether the Plan Securities are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

Notwithstanding anything to the contrary in this Plan, neither DTC nor any stock transfer agent may require a legal opinion regarding the validity of any transaction contemplated by this Plan, including, for the avoidance of doubt, whether the Plan Securities (including the New Common Stock, the New Warrants, the Post-Effective Date Equity Awards, or the MIP Equity) are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

To the extent de-listed from a nationally recognized securities exchange in connection with the Chapter 11 Case, the Reorganized Debtor shall use commercially reasonable efforts to list the New Common Stock for trading on Nasdaq, the New York Stock Exchange or a comparable nationally recognized securities exchange following the Effective Date.

*F. Management Incentive Plan*

Promptly following the Effective Date, the New Board shall approve and implement the MIP consistent with the MIP Term Sheet. The RSU Awards and the ESO Grants shall be granted subject to approval by the New Board, with the allocation of such grants to be determined in good faith by the New Board in consultation with the Reorganized Debtor's chief executive officer.

*G. Subordination*

The allowance, classification, and treatment of satisfying all Claims and Equity Interests proposed under this Plan takes into consideration any and all subordination rights, whether arising by contract or under general principles of equitable subordination, section 510(b) or 510(c) of the Bankruptcy Code, or otherwise. On the Effective Date, any and all subordination rights or obligations that a Holder of a Claim or Equity Interest may have with respect to any distribution to be made under this Plan will be discharged and terminated, and all actions related to the enforcement of such subordination rights will be enjoined permanently. Accordingly, distributions under this Plan to Holders of Allowed Claims and Allowed Equity Interests will not be subject to turnover or payment to a beneficiary of such terminated subordination rights, or to levy, garnishment, attachment or other legal process by a beneficiary of such terminated subordination rights; *provided* that any such subordination rights shall be preserved in the event the Combined Order is vacated, the Effective Date does not occur in accordance with the terms hereunder or this Plan is revoked or withdrawn.

*H. Release of Liens and Claims*

To the fullest extent provided under section 1141(c) and other applicable provisions of the Bankruptcy Code, except as otherwise provided herein or in any contract, instrument, release or other agreement or document entered into or delivered in connection with this Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Article VII hereof, all Liens, Claims, mortgages, deeds of trust, or other security interests against the assets or property of the Debtor or the Estate shall be fully released, canceled, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Person or Entity. The filing of the Combined Order with any federal, state, or local agency or department shall constitute good and sufficient evidence of, but shall not be

required to effect, the termination of such Liens, Claims and other interests to the extent provided in the immediately preceding sentence. Any Person or Entity holding such Liens, Claims or interests shall, pursuant to section 1142 of the Bankruptcy Code, promptly execute and deliver to the Reorganized Debtor such instruments of termination, release, satisfaction and/or assignment (in recordable form) as may be reasonably requested by the Reorganized Debtor.

*I. Organizational Documents of the Reorganized Debtor*

On the Effective Date, or as soon thereafter as is reasonably practicable, the Reorganized Debtor's certificate of incorporation and bylaws shall be amended or amended and restated, as applicable, as may be required to be consistent with the provisions of this Plan and the Bankruptcy Code. To the extent required under this Plan or applicable non-bankruptcy law, the Reorganized Debtor will file the New Governance Documents with the applicable Secretary of State and/or other applicable authorities in any applicable state, province, or country of incorporation in accordance with the corporate or other applicable laws of such states, provinces, or countries. The New Governance Documents shall, among other things: (a) authorize the issuance of the Plan Securities; and (b) pursuant to and only to the extent required by section 1123(a)(6) of the Bankruptcy Code, include a provision prohibiting the issuance of non-voting equity Securities. Subject to Article VI.E of this Plan, after the Effective Date, the Reorganized Debtor may amend and restate its certificate of incorporation and other formation and constituent documents as permitted by the laws of its respective jurisdiction of formation and the terms of the New Governance Documents, and this Plan.

*J. Corporate Action*

The Debtor and the Reorganized Debtor may take any and all actions to execute, deliver, File or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the provisions of this Plan, including, without limitation, the issuance, transfer, or distribution of the Plan Securities to be issued pursuant hereto, and without further notice to or order of the Bankruptcy Court, any act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by the security holders, officers or directors of the Debtor or the Reorganized Debtor or by any other Person (except for those expressly required pursuant hereto).

Prior to, on or after the Effective Date (as appropriate), all matters provided for pursuant to this Plan that would otherwise require approval of the stockholders, directors, officers, managers, members or partners of the Debtor (as of prior to the Effective Date) shall be deemed to have been so approved and shall be in effect prior to, on or after the Effective Date (as appropriate) pursuant to applicable law and without any requirement of further action by such Person or Entity, or the need for any approvals, authorizations, actions or consents of or from any such Person or Entity.

As of the Effective Date, all matters provided for in this Plan involving the legal or corporate structure of the Debtor or the Reorganized Debtor (including, without limitation, the adoption of the New Governance Documents and similar constituent and organizational documents, and the selection of directors and officers for, each of the Reorganized Debtor), and

any legal or corporate action required by the Debtor or the Reorganized Debtor in connection with this Plan including, without limitation, in connection with the authorization, execution and delivery of the New Warrants Agreement shall be deemed to have occurred and shall be in full force and effect in all respects, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by any Person or Entity.

On and after the Effective Date, the appropriate officers of the Debtor and the Reorganized Debtor are authorized to issue, execute, and deliver, and consummate the transactions contemplated by, the contracts, agreements, documents, guarantees, pledges, consents, securities, certificates, resolutions, and instruments contemplated by or described in this Plan in the name of and on behalf of the Debtor and the Reorganized Debtor, and without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by any Person or Entity. The secretary and any assistant secretary of the Debtor and the Reorganized Debtor shall be authorized to certify or attest to any of the foregoing actions.

Prior to or on the Effective Date, the Debtor is authorized, in its sole discretion, to change its name and to take any other such action as required to effectuate a change of name in its jurisdiction of incorporation. To the extent the Debtor changes its name prior to the closing of the Chapter 11 Case, the Debtor shall change the case caption accordingly.

*K. Directors and Officers of the Reorganized Debtor*

From and after the Effective Date, each director or officer of the Reorganized Debtor shall serve pursuant to the terms of the charters and bylaws or other constituent documents of the Reorganized Debtor and applicable state corporation law. Additionally, in accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of the members of the New Board and any Person proposed to serve as an officer of the Reorganized Debtor shall be disclosed in the Plan Supplement.

*L. Cancellation of Notes, Certificates, and Instruments*

On the Effective Date, except to the extent otherwise provided in this Plan, all notes, stock, instruments, certificates, credit agreements and other agreements and documents evidencing or relating to the Unsecured Notes Claims, any Impaired Claim, and/or any Impaired Equity Interest (including Existing Equity Interests and Existing Equity Awards), shall be canceled and the obligations of (a) the Debtor thereunder or in any way related thereto shall be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by any Person or Entity, and (b) the Unsecured Notes Indenture Trustee shall be discharged and its duties deemed satisfied except (to the extent applicable) with respect to serving as the Distribution Agent with respect to the applicable Unsecured Notes Claims; *provided* that the Unsecured Notes Documents shall continue in effect for the limited purpose of allowing Holders of Claims thereunder to receive, and allowing and preserving the rights of the Unsecured Notes Indenture Trustee or other applicable Distribution Agent thereunder to make (or cause to be made),

distributions under this Plan. Except to the extent otherwise provided in this Plan and the Restructuring Documents, upon completion of all such distributions the Unsecured Notes Documents and any and all notes, securities and instruments issued in connection therewith shall terminate completely without further notice or action and be deemed surrendered.

Notwithstanding Confirmation or the occurrence of the Effective Date, except as otherwise provided herein, only such provisions that, by their express terms, survive the termination or the satisfaction and discharge of the Unsecured Notes Documents shall survive the occurrence of the Effective Date, including the rights of the Unsecured Notes Indenture Trustee to assert, pursue, and be paid with respect to any charging liens, expense reimbursement, indemnification, and similar amounts.

*M. Sources of Cash for Plan Distributions*

All Cash necessary for the Debtor or the Reorganized Debtor, as applicable, to make payments required pursuant to this Plan will be obtained from their respective Cash balances, including Cash from operations. Cash payments to be made pursuant to this Plan will be made by the Reorganized Debtor. The Debtor or the Reorganized Debtor, as applicable, may transfer funds from its non-Debtor Affiliates to itself through its integrated cash management system and/or intercompany transactions as it determines to be necessary or appropriate to enable the Reorganized Debtor to make the payments and distributions contemplated by this Plan. To the extent consistent with any applicable limitations set forth in any applicable post-Effective Date agreement, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtor's historical intercompany account settlement practices and will not violate the terms of this Plan.

From and after the Effective Date, the Reorganized Debtor, subject to any applicable limitations set forth in any post-Effective Date agreement, shall have the right and authority without further order of the Bankruptcy Court to raise additional capital and obtain additional financing as the New Board deems appropriate.

*N. Preservation and Reservation of Causes of Action*

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, pursuant to the Debtor Releases provided in Article X.B and the Exculpation contained in Article X.E of this Plan), the Reorganized Debtor shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including, without limitation, any actions specifically identified in the Plan Supplement or the Schedule of Retained Causes of Action, and the Reorganized Debtor's rights to commence, prosecute or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtor, as the successor-in-interest to the Debtor and the Estate, may, and shall have the exclusive right to, enforce, sue on, settle, compromise, transfer, or assign (or decline to do any of the foregoing) any or all of such Causes of Action without notice to or approval from the Bankruptcy Court.

**No Entity may rely on the absence of a specific reference in this Plan, the Plan Supplement (including the Schedule of Retained Causes of Action), or the Disclosure Statement to any Cause of Action against it as any indication that the Debtor or the Reorganized Debtor, as applicable, will not pursue any and all available Causes of Action of the Debtor against it. Except as otherwise set forth herein, the Debtor and the Reorganized Debtor expressly reserve all rights to prosecute any and all Causes of Action against any Entity.**

The Debtor expressly reserves all Causes of Action and Litigation Claims for later adjudication by the Debtor or the Reorganized Debtor (including, without limitation, Causes of Action and Litigation Claims not specifically identified in the Plan Supplement or the Schedule of Retained Causes of Action or of which the Debtor may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtor at this time or facts or circumstances that may change or be different from those the Debtor now believes to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Causes of Action or Litigation Claims upon or after the Confirmation or Consummation of this Plan based on the Disclosure Statement, this Plan or the Combined Order, except in each case where such Causes of Action or Litigation Claims have been expressly waived, relinquished, released, compromised or settled in this Plan (including, without limitation, and for the avoidance of doubt, the Releases contained in Article X.B and Exculpation contained in Article X.E hereof) or any other Final Order (including, without limitation, the Combined Order). In addition, the Debtor and the Reorganized Debtor expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which the Debtor is a plaintiff, defendant, or an interested party, against any Person or Entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

For the avoidance of doubt, the Debtor and the Reorganized Debtor do not reserve any Causes of Action or Litigation Claims that have been expressly released (including, for the avoidance of doubt, Claims otherwise released pursuant to the Debtor Releases provided in Article X.B and the Exculpation contained in Article X.E of this Plan).

*O. Payment of Fees and Expenses of Certain Creditors*

The Restructuring Expenses incurred, or estimated to be incurred, up to and including the Effective Date shall be paid in full in Cash on the Effective Date (to the extent not previously paid during the course of the Chapter 11 Case) in accordance with, and subject to, the terms set forth herein and in the Restructuring Support Agreement, as applicable, without any requirement to File a fee application with the Bankruptcy Court or for Bankruptcy Court review or approval. On or before the date that is five (5) days prior to the Effective Date, invoices for all Restructuring Expenses incurred or estimated to be incurred prior to and as of the Effective Date shall be submitted to the Debtor and paid by the Debtor or the Reorganized Debtor, as applicable, in accordance with, and subject to, the terms set forth herein and in the Restructuring Support Agreement. In addition, the Debtor and the Reorganized Debtor (as applicable) shall continue to pay, when due and payable in the ordinary course, the Restructuring Expenses related to this Plan and implementation, Consummation, and defense of the Restructuring Transactions,

whether incurred before, on, or after the Effective Date, in accordance with any applicable engagement letter.

### **ARTICLE III.**

#### **TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

##### *A. Assumption or Rejection of Executory Contracts and Unexpired Leases*

On the Effective Date, all Executory Contracts and Unexpired Leases of the Debtor will be assumed by the Debtor in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, except for those Executory Contracts and Unexpired Leases that, in each case:

1. have been assumed or rejected by the Debtor by prior order of the Bankruptcy Court;
2. are the subject of a motion to reject Filed by the Debtor pending on the Effective Date;
3. are identified as rejected Executory Contracts and Unexpired Leases by the Debtor on the Schedule of Rejected Executory Contracts and Unexpired Leases to be Filed in the Plan Supplement, which may be amended by the Debtor up to and through the Effective Date to add or remove Executory Contracts and Unexpired Leases by Filing with the Bankruptcy Court a subsequent Plan Supplement and serving it on the affected non-Debtor contract parties; or
4. are rejected or terminated pursuant to the terms of this Plan.

Without amending or altering any prior order of the Bankruptcy Court approving the assumption or rejection of any Executory Contract or Unexpired Lease, the Combined Order shall constitute an order of the Bankruptcy Court approving such assumptions and the rejection of Executory Contracts and Unexpired Leases set forth in the Schedule of Rejected Executory Contracts and Unexpired Leases pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

To the extent any provision in any Executory Contract or Unexpired Lease assumed or assumed and assigned (as applicable) pursuant to this Plan or any prior order of the Bankruptcy Court (including, without limitation, any “change of control” provision) prohibits, restricts or conditions, or purports to prohibit, restrict or condition, or is modified, breached or terminated, or deemed modified, breached or terminated by, (a) the commencement of the Chapter 11 Case or the insolvency or financial condition of the Debtor at any time before the closing of the Chapter 11 Case, (b) the Debtor’s or the Reorganized Debtor’s assumption or assumption and assignment (as applicable) of such Executory Contract or Unexpired Lease or (c) the Confirmation or Consummation of this Plan, then such provision shall be deemed modified such that the transactions contemplated by this Plan shall not entitle the non-Debtor party thereto to modify or terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights or remedies with respect thereto, and any required consent under any such contract or lease shall be deemed satisfied by the confirmation of this Plan.

Each Executory Contract and Unexpired Lease assumed and/or assigned pursuant to this Plan shall revest in and be fully enforceable by the Reorganized Debtor or the applicable assignee in accordance with its terms and conditions, except as modified by the provisions of this Plan, any order of the Bankruptcy Court approving its assumption and/or assignment, or applicable law.

The inclusion or exclusion of a contract or lease on any schedule or exhibit shall not constitute an admission by the Debtor that such contract or lease is an Executory Contract or Unexpired Lease or that the Debtor has any liability thereunder.

*B. Payments Related to Assumption of Executory Contracts and Unexpired Leases*

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to this Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (a) the amount of any Cure Claim; (b) the ability of the Reorganized Debtor to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code), if applicable, under the Executory Contract or the Unexpired Lease to be assumed; or (c) any other matter pertaining to assumption, the Cure Claims shall be paid following the entry of a Final Order resolving the dispute and approving the assumption of such Executory Contracts or Unexpired Leases; *provided*, that after the Confirmation Date, the Debtor or the Reorganized Debtor, as applicable, may settle any dispute regarding the amount of any Cure Claim without any further notice to or action, order or approval of the Bankruptcy Court.

*C. Claims on Account of the Rejection of Executory Contracts or Unexpired Leases*

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to this Plan or the Combined Order, if any, must be Filed with the Bankruptcy Court within twenty-one (21) days after service of an order of the Bankruptcy Court (including the Combined Order) approving such rejection. Any Claim arising from the rejection of Executory Contracts or Unexpired Leases that becomes an Allowed Claim is classified and shall be treated as a Class 4 General Unsecured Claim.

Any Person or Entity that is required to File a Proof of Claim arising from the rejection of an Executory Contract or an Unexpired Lease that fails to timely do so shall be forever barred, estopped, and enjoined from asserting such Claim, and such Claim shall not be enforceable, against the Debtor, the Reorganized Debtor, or the Estate, and the Debtor, its Estate, and the Reorganized Debtor, and their respective assets and property, shall be forever discharged from any and all indebtedness and liability with respect to such Claim unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article X.F hereof.

*D. D&O Liability Insurance Policies*

On the Effective Date, each D&O Liability Insurance Policy shall be deemed and treated as an Executory Contract that is and will be assumed by the Debtor (and assigned to the



Reorganized Debtor, if necessary) pursuant to section 365(a) and section 1123 of the Bankruptcy Code as to which no Proof of Claim, request for administrative expense, or Cure Claim need be Filed, and all Claims arising from the D&O Liability Insurance Policies will survive the Effective Date and be Unimpaired. Unless previously effectuated by separate order entered by the Bankruptcy Court, entry of the Combined Order shall constitute the Bankruptcy Court's approval of the Debtor's assumption of each of the D&O Liability Insurance Policies.

In furtherance of the foregoing, the Reorganized Debtor shall maintain and continue in full force and effect the D&O Liability Insurance Policies for the benefit of the insured Persons for the full term of such policies, and all insured Persons, including without limitation, any members, managers, directors, and officers of the Reorganized Debtor who served in such capacity at any time prior to the Effective Date or any other individuals covered by such D&O Liability Insurance Policies, shall be entitled to the full benefits of any such policies for the full term of such policies regardless of whether such insured Persons remain in such positions after the Effective Date. Notwithstanding the foregoing, after assumption of the D&O Liability Insurance Policies, nothing in this Plan or the Combined Order alters the terms and conditions of the D&O Liability Insurance Policies. Confirmation and Consummation of this Plan shall not impair or otherwise modify any available defenses of the Reorganized Debtor under the D&O Liability Insurance Policies. For the avoidance of doubt, the D&O Liability Insurance Policies shall continue to apply with respect to actions, or failures to act, that occurred on or prior to the Effective Date, subject to the terms and conditions of the D&O Liability Insurance Policies.

The Debtor is further authorized to take such actions, and to execute and deliver such documents, as may be reasonably necessary or appropriate to implement, maintain, cause the binding of, satisfy any terms or conditions of, or otherwise secure for the insureds the benefits of the D&O Tail, without further notice to or order of the Bankruptcy Court or approval or consent of any Person or Entity.

#### *E. Indemnification Provisions*

On the Effective Date, all Indemnification Provisions shall be deemed and treated as Executory Contracts that are and shall be assumed by the Debtor (and assigned to the Reorganized Debtor, if necessary) pursuant to section 365(a) and section 1123 of the Bankruptcy Code as to which no Proof of Claim, request for administrative expense, or Cure Claim need be Filed, and all Claims arising from the Indemnification Provisions shall survive the Effective Date and be Unimpaired. Unless previously effectuated by separate order entered by the Bankruptcy Court, entry of the Combined Order shall constitute the Bankruptcy Court's approval of the Debtor's assumption of each of the Indemnification Provisions. Confirmation and Consummation of this Plan shall not impair or otherwise modify any available defenses of the Reorganized Debtor or other applicable parties under the Indemnification Provisions. For the avoidance of doubt, the Indemnification Provisions shall continue to apply with respect to actions, or failures to act, that occurred on or prior to the Effective Date, subject to the terms and conditions of the Indemnification Provisions.

#### *F. Employment Plans*

Subject to the provisions of this Plan, all Specified Employee Plans (other than awards of stock options, restricted stock, restricted stock units, performance stock units, and other equity awards, including stock rights under any stock purchase plan) shall be treated as Executory Contracts under this Plan and deemed assumed on the Effective Date pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code. All Proofs of Claim Filed for amounts due under any Specified Employee Plans shall be considered satisfied by the applicable agreement and/or program and agreement to assume and cure in the ordinary course as provided in this Plan. All Specified Employee Plans to which contributions are made will be deemed assumed on the Effective Date pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code and the Reorganized Debtor reserves all of its rights under such agreements. For the avoidance of doubt, the Debtor and the Reorganized Debtor, as applicable, shall honor all its obligations under section 1114 of the Bankruptcy Code. After the Effective Date, the New Board shall, in its discretion, implement employee incentive or bonus plans as and when it deems appropriate in accordance with the terms of any applicable New Governance Document; *provided*, that the MIP shall be implemented pursuant to and in accordance with the terms of this Plan, including Article V.F hereof. Unless previously effectuated by separate order entered by the Bankruptcy Court, entry of the Combined Order shall constitute the Bankruptcy Court's approval of the Debtor's assumption of each of the Specified Employee Plans.

#### *G. Insurance Contracts*

On the Effective Date, each Insurance Contract shall be deemed and treated as an Executory Contract that is and shall be assumed by the Debtor (and assigned to the Reorganized Debtor, if necessary) pursuant to section 365(a) and section 1123 of the Bankruptcy Code as to which no Proof of Claim, request for administrative expense, or Cure Claim need be Filed. Unless previously effectuated by separate order entered by the Bankruptcy Court, entry of the Combined Order shall constitute the Bankruptcy Court's approval of the Debtor's assumption of each of the Insurance Contracts. Confirmation and Consummation of this Plan shall not impair or otherwise modify any available defenses of the Reorganized Debtor or any insurer under the Insurance Contracts.

#### *H. Extension of Time to Assume or Reject*

Notwithstanding anything to the contrary set forth in Article VI of this Plan, in the event of a dispute as to whether a contract is executory or a lease is unexpired, the right of the Reorganized Debtor to move to assume or reject such contract or lease shall be extended until the date that is ten (10) days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired. The deemed assumption provided for in Article VI.A of this Plan shall not apply to any such contract or lease, and any such contract or lease shall be assumed or rejected only upon motion of the Reorganized Debtor following the Bankruptcy Court's determination that the contract is executory or the lease is unexpired.

*I. Modifications, Amendments, Supplements, Restatements, or Other Agreements*

Unless otherwise provided in this Plan, each Executory Contract or Unexpired Lease that is assumed by the Debtor or the Reorganized Debtor shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all rights related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing has been previously rejected or repudiated or is rejected or repudiated hereunder. Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtor during the Chapter 11 Case shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

*J. Contracts and Leases Entered into After the Petition Date*

Contracts and leases entered into after the Petition Date by the Debtor may be performed by the Debtor or Reorganized Debtor in the ordinary course of business without further approval of the Bankruptcy Court.

*K. Reservation of Rights*

Nothing contained in this Plan or the Plan Supplement shall constitute an admission by the Debtor or any other party that any contract or lease is in fact an Executory Contract or Unexpired Lease or that the Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption, the Debtor or the Reorganized Debtor, as applicable, shall have forty-five (45) days following entry of a Final Order resolving such dispute to alter its treatment of such contract or lease.

**ARTICLE IV.**

**PROVISIONS GOVERNING DISTRIBUTIONS**

*A. Timing and Calculation of Amounts to Be Distributed*

Unless otherwise provided in this Plan, on the Effective Date (or if a Claim or Equity Interest is not an Allowed Claim or Allowed Equity Interest on the Effective Date, on the date that such Claim or Equity Interest becomes an Allowed Claim or Allowed Equity Interest, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim or Allowed Equity Interest (as applicable) shall receive the full amount of the distributions that this Plan provides for Allowed Claims or Allowed Equity Interests (as applicable) in the applicable Class; *provided*, that any Allowed Administrative Claims with respect to liabilities incurred by the Debtor in the ordinary course of business during the Chapter 11 Case or assumed by the Debtor prior to the Effective Date shall be paid or performed in the ordinary course of business.

In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims or Disputed Equity Interests, distributions on account of any such Disputed Claims or Disputed Equity Interests shall be made pursuant to the provisions set forth in Article VIII.

### *B. Distribution Agent*

Except as otherwise provided in the Combined Order, all distributions under this Plan shall be made by the Distribution Agent on the Effective Date, except as otherwise set forth herein. The Reorganized Debtor may employ or contract with other Entities to assist in or make the distributions required by this Plan and may pay the reasonable and documented fees and expenses of such Entities and the Distribution Agent in the ordinary course of business. The Distribution Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Distribution Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Reorganized Debtor.

### *C. Rights and Powers of Distribution Agent*

#### 1. Powers of the Distribution Agent

The Distribution Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under this Plan; (b) make all distributions contemplated hereby; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Distribution Agent by order of the Bankruptcy Court, pursuant to this Plan, or as deemed by the Distribution Agent to be necessary and proper to implement the provisions hereof.

Distributions on account of the Allowed Unsecured Notes Claims shall be made to (or in coordination with) the Unsecured Notes Indenture Trustee and the Unsecured Notes Indenture Trustee will be, and shall act as, the Distribution Agent with respect to the Unsecured Notes Claims in accordance with the terms and conditions of this Plan and the Unsecured Notes Documents. All distributions to Holders of Allowed Unsecured Notes Claims shall be deemed completed when made by the Debtor or Reorganized Debtor to (or at the direction or consent of) the Unsecured Notes Indenture Trustee.

#### 2. Expenses Incurred on or After the Effective Date

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable and documented fees and expenses incurred by the Distribution Agent on or after the Effective Date (including taxes), and any reasonable and documented compensation and expense reimbursement claims (including reasonable and documented attorney fees and expenses) made by the Distribution Agent, shall be paid in Cash by the Debtor or the Reorganized Debtor, as applicable, and as of the date of such completion with respect to distributions made to Holders of Allowed Unsecured Notes Claims, the duties of the Unsecured Notes Indenture Trustee with respect to such distributions shall be deemed satisfied and discharged.

For the avoidance of doubt, if and to the extent the Unsecured Notes Indenture Trustee serves as the Distribution Agent with respect to the Unsecured Notes Claims, (a) the Unsecured Notes Indenture Trustee shall incur no liability and be held harmless by the Reorganized Debtor, except for its fraud, gross negligence, or willful misconduct, and (b) the Distribution Agent shall be deemed to be an additional capacity of the Unsecured Notes Indenture Trustee under the applicable Unsecured Notes Documents entitling it to all rights, privileges, benefits, immunities, and protections provided under such documents.

*D. Special Rules for Distributions to Holders of Disputed Claims and Disputed Interests.*

Except as otherwise agreed by the relevant parties: (a) no partial payments and no partial distributions shall be made with respect to a Disputed Claim or Disputed Equity Interest until all such disputes in connection with such Disputed Claim or Disputed Equity Interest have been resolved by settlement or Final Order; and (b) any Entity that holds both an Allowed Claim or Allowed Equity Interest and a Disputed Claim or Disputed Equity Interest shall not receive any distribution on the Allowed Claim or Allowed Equity Interest unless and until all objections to the Disputed Claim or Disputed Equity Interest have been resolved by settlement or Final Order or such Claims or Equity Interests have been Allowed or expunged.

*E. Delivery of Distributions*

1. Delivery of Distributions in General

Except as otherwise provided herein, the Distribution Agent shall make distributions to Holders of Allowed Claims and Allowed Equity Interests as of the Distribution Record Date, or, if applicable, to such Holders' respective designees, as appropriate: (a) at the address for each such Holder as indicated on the Debtor's records as of the Distribution Record Date (or of a designee designated by a Holder of Unsecured Notes Claims); (b) to the signatory set forth on any Proof of Claim Filed by such Holder or other Representative identified therein (or at the last known addresses of such Holder if no Proof of Claim is Filed or if the Debtor has not been notified in writing of a change of address); (c) at the addresses set forth in any written notices of address changes delivered to the Reorganized Debtor or the applicable Distribution Agent, as appropriate, after the date of any related Proof of Claim; or (d) on any counsel that has appeared in the Chapter 11 Case on the Holder's behalf; *provided*, that the manner of such distributions shall be determined at the discretion of the Reorganized Debtor.

2. Delivery of Distributions on Account of Unsecured Notes Claims

The Unsecured Notes Indenture Trustee shall be deemed to be the Holder of all Allowed Unsecured Notes Claims for purposes of distributions to be made hereunder, and all distributions on account of such Allowed Claims shall be made to or at the direction of the Unsecured Notes Indenture Trustee. As soon as practicable following compliance with the requirements set forth in Article VII, if applicable, the Unsecured Notes Indenture Trustee shall arrange to deliver or direct the delivery of such distributions to or on behalf of the Holders of Allowed Unsecured Notes Claims in accordance with the terms of the Unsecured Notes Indenture and this Plan.

The Unsecured Notes Indenture Trustee, in its capacity as Distribution Agent, may transfer or facilitate the transfer of distributions to Holders of Unsecured Notes Claims through

the facilities of DTC in exchange for the relevant Unsecured Notes. If it is necessary to adopt alternate, additional, or supplemental distribution procedures for any reason, including because such distributions cannot be made through the facilities of DTC, to otherwise effectuate the distributions under this Plan, the Debtor or Reorganized Debtor, as applicable, shall implement the Alternate/Supplemental Distribution Process.

Notwithstanding anything in this Plan to the contrary and without limiting the exculpation and release provisions of this Plan, the Unsecured Notes Indenture Trustee shall not have any liability to any Entity with respect to distributions made or directed to be made by the Unsecured Notes Indenture Trustee.

### 3. Minimum Distributions

No fractional shares or units of New Common Stock or Post-Effective Date Equity Awards shall be distributed and no Cash shall be distributed in lieu of such fractional amounts. Whenever any payment or distribution of a fraction of a dollar, share, or unit of New Common Stock or Post-Effective Date Equity Awards under this Plan would otherwise be called for, the actual payment or distribution will reflect (a) with respect to New Common Stock, a rounding of such fraction to the nearest whole dollar, share, or unit of New Common Stock or Post-Effective Date Equity Awards (up or down), with half dollars, shares, or units of New Common Stock or less being rounded down; and (b) with respect to Post-Effective Date Equity Awards, a rounding of such fraction down to the nearest whole dollar, share, or unit of Post-Effective Date Equity Awards. The total number of authorized shares of New Common Stock or shares or units of Post-Effective Date Equity Awards, as applicable, shall be adjusted as necessary to account for the foregoing rounding.

No Distribution Agent shall have any obligation to make a distribution on account of an Allowed Claim or Allowed Equity Interest that is Impaired under this Plan if the amount to be distributed to the specific Holder of an Allowed Claim or Allowed Equity Interest on the Effective Date does not constitute a final distribution to such Holder and is or has an economic value less than \$25.00, which shall be treated as an undeliverable distribution under Article VII.D.4 below.

### 4. Undeliverable Distributions

#### (a) Holding of Certain Undeliverable Distributions

If the distribution to any Holder of an Allowed Claim or Allowed Equity Interest is returned to the Distribution Agent as undeliverable or is otherwise unclaimed, no further distributions shall be made to such Holder unless and until the Distribution Agent is notified in writing of such Holder's then current address in accordance with the time frames described in Article VII.D.4(b) hereof, at which time (or as soon as reasonably practicable thereafter) all currently due but missed distributions shall be made to such Holder. Undeliverable distributions shall remain in the possession of the Reorganized Debtor, subject to Article VII.D.4(b) hereof, until such time as any such distributions become deliverable. Undeliverable distributions shall not be entitled to any additional interest, dividends, or other accruals of any kind on account of their distribution being undeliverable.

(b) Failure to Claim Undeliverable Distributions

Any Holder of an Allowed Claim or an Allowed Equity Interest (or any successor or assignee or other Person or Entity claiming by, through, or on behalf of such Holder) that does not assert a right pursuant to this Plan for an undeliverable or unclaimed distribution within ninety (90) days after the later of the Effective Date or the date such distribution is due shall be deemed to have forfeited its rights for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such rights for an undeliverable or unclaimed distribution against the Debtor or its Estate, the Reorganized Debtor or their respective assets or property, or any Distribution Agent. In such case, any Cash, Plan Securities, or other property reserved for distribution on account of such Claim shall become the property of the Reorganized Debtor free and clear of any Claims or other rights of such Holder with respect thereto and notwithstanding any federal or state escheat laws to the contrary. Any such Cash, Plan Securities, and/or other property, as applicable, shall thereafter be distributed or allocated in accordance with the applicable terms and conditions of this Plan. Nothing contained in this Plan shall require the Debtor, the Reorganized Debtor, or any Distribution Agent to attempt to locate any Holder of an Allowed Claim or Allowed Equity Interest.

(c) Failure to Present Checks

Checks issued by the Distribution Agent on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the issuance of such check. Requests for reissuance of any check shall be made directly to the Distribution Agent by the Holder of the relevant Allowed Claim with respect to which such check originally was issued. Any Holder of an Allowed Claim holding an un-negotiated check that does not request reissuance of such un-negotiated check within ninety (90) days after the date of mailing or other delivery of such check shall have its rights for such un-negotiated check discharged and be forever barred, estopped and enjoined from asserting any such right against the Debtor, its Estate, the Reorganized Debtor, or their respective assets or property. In such case, any Cash held for payment on account of such Claims shall become the property of the Reorganized Debtor, free and clear of any Claims or other rights of such Holder with respect thereto and notwithstanding any federal or state escheat laws to the contrary. Any such Cash shall thereafter be distributed or allocated in accordance with the applicable terms and conditions of this Plan.

*F. No Postpetition Interest on Claims*

Unless otherwise specifically provided for in this Plan, the Combined Order, or another Final Order of the Bankruptcy Court, or required by applicable bankruptcy law (including, without limitation, as required pursuant to section 506(b) or section 511 of the Bankruptcy Code), postpetition interest shall not accrue or be paid on any Claims and no Holder of a Claim or Equity Interest shall be entitled to interest accruing on or after the Petition Date on any Claim.

*G. Compliance with Tax Requirements*

In connection with this Plan and all distributions hereunder, the Reorganized Debtor or other applicable Distribution Agent shall comply with all applicable withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all

distributions hereunder and under all related agreements shall be subject to any such withholding and reporting requirements. The Reorganized Debtor or other applicable Distribution Agent shall have the right, but not the obligation, to take any and all actions that may be necessary or appropriate to comply with such applicable withholding and reporting requirements, including (a) withholding distributions and amounts therefrom pending receipt of information necessary to facilitate such distributions, including properly executed withholding certification forms, and (b) in the case of a non-Cash distribution that is subject to withholding, withholding an appropriate portion of such property and either liquidating such withheld property to generate sufficient funds to pay applicable withholding taxes (or reimburse the distributing party for any advance payment of the withholding tax) or pay the withholding tax using its own funds and retain such withheld property. Notwithstanding any provision in this Plan to the contrary, upon request of the Debtor, the Reorganized Debtor or any other applicable Distribution Agent, all Persons holding Claims or Equity Interests shall be required to provide any information necessary to effect information reporting and the withholding of such taxes (or to establish eligibility for a reduction of or an exemption from the withholding of any taxes), and each Holder of an Allowed Claim or Allowed Equity Interest will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding, and other tax obligations, on account of such distribution. Any amounts withheld or reallocated pursuant to this Article VII.G. shall be treated as if distributed to the Holder of the Allowed Claim or Allowed Equity Interest.

Any Person or Entity entitled to receive any property as an issuance or distribution under this Plan shall, upon request, deliver to the Reorganized Debtor or other applicable Distribution Agent, or such other Person designated by the Reorganized Debtor or the Distribution Agent, an IRS Form W-9 or, if the payee is a foreign Person or Entity, an applicable IRS Form W-8, or any other forms or documents reasonably requested by the Reorganized Debtor or Distribution Agent to reduce or eliminate any withholding required by any applicable Governmental Unit.

The Reorganized Debtor reserves the right to allocate all distributions made under this Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens, and encumbrances.

#### *H. Allocation of Plan Distributions Between Principal and Interest*

To the extent that any Allowed Claim entitled to a distribution under this Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law (as reasonably determined by the Reorganized Debtor), be allocated for income tax purposes to the principal amount of the Claim first and then, to the extent that the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

#### *I. Means of Cash Payment*

Payments of Cash made pursuant to this Plan shall be in U.S. dollars and shall be made, at the option of the applicable Distribution Agent, by checks drawn on, or wire transfer from, a domestic bank selected by such Distribution Agent. Cash payments to foreign creditors may be



made, at the option of such Distribution Agent, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

*J. Timing and Calculation of Amounts to Be Distributed*

Except as otherwise provided in the “Treatment” sections in Article III hereof or as ordered by the Bankruptcy Court, on the Effective Date or as soon as reasonably practicable thereafter, each Holder of an Allowed Claim or Allowed Equity Interest shall receive the full amount of the distributions that this Plan provides for Allowed Claims or Equity Interests in the applicable Class. If and to the extent that there are Disputed Claims or Disputed Equity Interests, distributions on account of any such Disputed Claims or Disputed Equity Interests shall be made pursuant to the provisions set forth in the applicable Class treatment or in Article VIII hereof. Except as otherwise provided herein, Holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for herein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

*K. Claims Paid or Payable by Third Parties*

1. Claims Paid by Third Parties

A Claim shall be correspondingly reduced, and the applicable portion of such Claim shall be disallowed without an objection to such Claim having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives a payment on account of such Claim from a party that is not the Debtor or Reorganized Debtor. To the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not the Debtor or a Reorganized Debtor on account of such Claim, such Holder shall, within fourteen (14) days of receipt thereof, repay or return the distribution to the Reorganized Debtor to the extent the Holder’s total recovery on account of such Claim from the third party and under this Plan exceeds the amount of such Claim as of the date of any such distribution under this Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the Reorganized Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the fourteen-day grace period specified above until the amount is repaid.

2. Claims Payable by Insurance Carriers

No distributions under this Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtor’s insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtor’s insurers agrees to satisfy, in full or in part, a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers’ agreement, the applicable portion of such Claim may be expunged without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

### 3. Applicability of Insurance Policies

Except as otherwise provided in this Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Notwithstanding anything to the contrary herein, nothing contained in this Plan shall constitute or be deemed a release, settlement, satisfaction, compromise, or waiver of any Cause of Action that the Debtor or any other Entity may hold against any other Entity, including insurers, under any policies of insurance or applicable indemnity, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

#### *L. Setoffs*

Without altering or limiting any of the rights and remedies of the Debtor and the Reorganized Debtor under section 502(d) of the Bankruptcy Code, all of which rights and remedies are hereby reserved, the Debtor and the Reorganized Debtor may, but shall not be required to, withhold (but not setoff except as set forth below) from the distributions called for hereunder on account of any Allowed Claim an amount equal to any Claims, Causes of Action and Litigation Claims of any nature that the Debtor or the Reorganized Debtor may hold against the Holder of any such Allowed Claim; *provided*, that at least ten (10) days prior to effectuating such withholding, the Debtor or the Reorganized Debtor, as applicable, shall provide written notice thereof to the applicable Holder of such Claim, and all objections and defenses of such Holder to such withholding are preserved. In the event that any such Claims or Causes of Action are adjudicated by Final Order or otherwise resolved against the applicable Holder, the Debtor and the Reorganized Debtor may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant hereto on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), the amount of such adjudicated or resolved Claims or Causes of Action. Neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor or the Reorganized Debtor of any such Claims or Causes of Action, all of which are reserved unless expressly released or compromised pursuant to this Plan or the Combined Order.

## **ARTICLE V.**

### **PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED AND DISPUTED CLAIMS**

#### *A. Resolution of Disputed Claims*

##### 1. Allowance of Claims

After the Effective Date, and except as otherwise provided in this Plan, the Reorganized Debtor shall have and shall retain any and all available rights and defenses that the Debtor had with respect to any Claim, including, without limitation, the right to assert any objection to Claims based on the limitations imposed by section 502 or section 510 of the Bankruptcy Code. The Debtor and the Reorganized Debtor may contest the amount and validity of any Disputed or contingent or unliquidated Claim in the ordinary course of business in the manner and venue in

which such Claim would have been determined, resolved, or adjudicated if the Chapter 11 Case had not been commenced.

## 2. Disallowance of Certain Claims

Any Holders of Claims disallowed pursuant to section 502(d) of the Bankruptcy Code, unless and until expressly Allowed pursuant to this Plan, shall not receive any distributions on account of such Claims until such time as such Causes of Action against that Holder have been settled or a Final Order of the Bankruptcy Court with respect thereto has been entered and all sums due, if any, to the Debtor by that Holder have been turned over or paid to the Reorganized Debtor.

## 3. Prosecution of Objections to Claims

After Confirmation but before the Effective Date, the Debtor, and after the Effective Date, the Reorganized Debtor, in each case, shall have the authority to File objections to Claims (other than Claims that are Allowed under this Plan) and settle, compromise, withdraw or litigate to judgment objections to any and all such Claims, regardless of whether such Claims are in an Unimpaired Class or otherwise; *provided* that this provision shall not apply to Professional Fee Claims, which may be objected to by any party-in-interest in the Chapter 11 Case. From and after the Effective Date, the Reorganized Debtor may settle or compromise any Disputed Claim without any further notice to or action, order, or approval of the Bankruptcy Court. The Reorganized Debtor shall have the sole authority to administer and adjust the Claims Register and its books and records to reflect any such settlements or compromises without any further notice to or action, order, or approval of the Bankruptcy Court.

## 4. Claims Estimation

After Confirmation but before the Effective Date, the Debtor, and after the Effective Date, the Reorganized Debtor, may at any time request that the Bankruptcy Court estimate any Disputed Claim or contingent or unliquidated Claim pursuant to applicable law, including, without limitation, section 502(c) of the Bankruptcy Code, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. § 1334 to estimate any such Claim, whether for allowance or to determine the maximum amount of such Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court. The rights and objections of all parties are reserved in connection with any such estimation.

Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before fourteen (14) calendar days after the date on which such Claim is estimated. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another.

## 5. No Filings of Proofs of Claim

Except as otherwise provided in this Plan, Holders of Claims will not be required to File a Proof of Claim, and except as provided in this Plan, no parties should File a Proof of Claim. The Debtor does not intend to object in the Bankruptcy Court to the allowance of Claims Filed; *provided* that the Debtor and the Reorganized Debtor, as applicable, reserve the right to object to any Claim that is entitled, or deemed to be entitled, to a distribution under this Plan or is rendered Unimpaired under this Plan. Instead, the Debtor intends to make distributions, as required by this Plan, in accordance with the books and records of the Debtor. Unless disputed by a Holder of a Claim, the amount set forth in the books and records of the Debtor will constitute the amount of the Allowed Claim of such Holder. If any such Holder of a Claim disagrees with the Debtor's books and records with respect to the Allowed amount of such Holder's Claim, such Holder must so advise the Debtor in writing within thirty (30) days of receipt of any distribution on account of such Holder's Claim, in which event the Claim will become a Disputed Claim. The Debtor intends to attempt to resolve any such disputes consensually or through judicial means outside the Bankruptcy Court. Nevertheless, the Debtor may, in its discretion, File with the Bankruptcy Court (or any other court of competent jurisdiction) an objection to the allowance of any Claim or any other appropriate motion or adversary proceeding with respect thereto. All such objections will be litigated to Final Order; *provided* that the Debtor may compromise, settle, withdraw, or resolve by any other method approved by the Bankruptcy Court any objections to Claims.

### *B. Adjustment to Claims Without Objection*

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted on the Claims Register by the Reorganized Debtor without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

### *C. No Distributions Pending Allowance*

If an objection to a Claim is Filed, no payment or distribution provided under this Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

### *D. Distributions on Account of Disputed Claims Once They Are Allowed and Additional Distributions on Account of Previously Allowed Claims*

The Reorganized Debtor or other applicable Distribution Agent shall make distributions on account of any Disputed Claim that has become Allowed after the Effective Date at such time that such Claim becomes Allowed (or as soon as reasonably practicable thereafter). Such distributions will be made pursuant to the applicable provisions of Article VII of this Plan.

### *E. No Interest*

Unless otherwise specifically provided for herein or by order of the Bankruptcy Court, postpetition interest shall not accrue or be paid on Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and

without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim with respect to the period from the Effective Date to the date a distribution is made on account of such Disputed Claim, if and when such Disputed Claim becomes an Allowed Claim.

## ARTICLE VI.

### CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

#### *A. Conditions Precedent to Consummation*

It shall be a condition to Consummation of this Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.B hereof.

1. The Combined Order shall be consistent with the Restructuring Support Agreement and otherwise in compliance with the consent rights contained therein; shall have been entered by the Bankruptcy Court; shall not have been reversed, stayed, amended, modified, dismissed, vacated, or reconsidered; and shall not be subject to any pending appeal, and the appeals period for the Combined Order shall have expired;

2. The Bankruptcy Court shall have entered one or more Final Orders (which may include the Combined Order) authorizing the assumption, assumption, and assignment and/or rejection of the Executory Contracts and Unexpired Leases by the Debtor as contemplated in this Plan and the Plan Supplement;

3. This Plan, the Disclosure Statement and the other Restructuring Documents, and all other documents contained in any supplement to this Plan, including any exhibits, schedules, amendments, modifications, or supplements thereto or other documents contained therein, shall be in full force and effect and in form and substance consistent with the Restructuring Support Agreement, and otherwise in compliance with the consent rights of the Required Consenting Noteholders, each to the extent required in the Restructuring Support Agreement;

4. Any and all governmental and regulatory approvals, including Bankruptcy Court approval, that are legally required for the consummation of this Plan shall have been obtained, not subject to unfulfilled conditions, and be in full force and effect;

5. Subject only to the occurrence of the Effective Date, the New Governance Documents and the New Warrants Agreement shall be in full force and effect (with all conditions precedent thereto having been satisfied or waived), subject to any applicable post-closing execution and delivery requirements;

6. The Restructuring Support Agreement shall be in full force and effect and shall not have been terminated in accordance with its terms;

7. The Professional Fee Escrow Account shall have been funded in full in Cash by the Debtor in accordance with the terms and conditions of this Plan and in an amount sufficient to pay the Restructuring Expenses and reasonable and documented fees and expenses after the Effective Date, including those of (a) Porter Hedges LLP, as counsel to the Debtor, (b) Latham & Watkins LLP, as special counsel to the Debtor, (c) Stout Risius Ross, LLC, as financial advisor

to the Debtor, (d) Kurtzman Carson Consultants, LLC dba Verita Global, as claims, noticing, and solicitation agent to the Debtor, and (e) The Overture Alliance, LLC, as compensation consultant to the Debtor; pending approval of the Professional Fee Claims by the Bankruptcy Court; and

8. The Restructuring Expenses shall have been paid in full in Cash.

*B. Waiver of Conditions*

Subject to section 1127 of the Bankruptcy Code, the conditions to Consummation of this Plan set forth in this Article IX may be waived in writing by the Debtor and the Required Consenting Noteholders (the consent of the Required Consenting Noteholders not to be unreasonably withheld or delayed) and without notice, leave or order of the Bankruptcy Court or any formal action other than proceeding to consummate this Plan. The failure of the Debtor, the Reorganized Debtor, or the Required Consenting Noteholders to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each right shall be deemed an ongoing right that may be asserted at any time.

**ARTICLE VII.**

**RELEASE, DISCHARGE, INJUNCTION AND RELATED PROVISIONS**

*A. General*

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under this Plan, upon the Effective Date, the provisions of this Plan shall constitute a good faith compromise and settlement of all Claims and Equity Interests and controversies resolved pursuant to this Plan. The entry of the Combined Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity Interests, and controversies, as well as a finding by the Bankruptcy Court that any such compromise or settlement is in the best interests of the Debtor, its Estate, and any Holders of Claims and Equity Interests and is fair, equitable and reasonable.

Notwithstanding anything contained herein to the contrary, the allowance, classification and treatment of all Allowed Claims and Allowed Equity Interests and their respective distributions (if any) and treatments hereunder, takes into account the relative priority and rights of the Claims and the Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code or otherwise. As of the Effective Date, any and all contractual, legal and equitable subordination rights, whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code or otherwise, relating to the allowance, classification and treatment of all Allowed Claims and Allowed Equity Interests and their respective distributions (if any) and treatments hereunder, are settled, compromised, terminated and released pursuant hereto; *provided* that nothing contained herein shall preclude any Person or Entity from exercising their rights pursuant to and consistent with the terms of this Plan and the contracts, instruments, releases, and other agreements or documents delivered under or in connection with this Plan.

*B. Release of Claims and Causes of Action*

1. ***Debtor Release.*** As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce this Plan and the obligations contemplated by this Plan and the Restructuring Documents, or as otherwise provided in any order of the Bankruptcy Court, on and after the Effective Date, the Released Parties will be deemed conclusively, absolutely, unconditionally, irrevocably, and forever released, to the maximum extent permitted by law, by the Debtor, the Reorganized Debtor, and the Estate, in each case on behalf of themselves and their respective successors, assigns, and Representatives and any and all other Persons that may purport to assert any Causes of Action derivatively, by or through the foregoing Persons, from any and all Claims and Causes of Action (including any derivative claims, asserted or assertable on behalf of the Debtor, the Reorganized Debtor, or the Estate), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, that the Debtor, the Reorganized Debtor, the Estate, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person (collectively, the “*Debtor Released Claims*”), based on or relating to, or in any manner arising from, in whole or in part, (a) the Debtor, the Debtor’s capital structure, the Reorganized Debtor, the Estate, the Chapter 11 Case (including the filing thereof), the Disclosure Statement, this Plan (including the Plan Supplement), the Restructuring Support Agreement (and any annexes, exhibits, and term sheets attached thereto), and the Unsecured Notes and Unsecured Notes Documents, (b) the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in this Plan, (c) the business or contractual arrangements between the Debtor and any Released Parties, (d) the negotiation, formulation or preparation of the Disclosure Statement, this Plan (including the Plan Supplement), the Restructuring Support Agreement (and any annexes, exhibits, and term sheets attached thereto), the New Warrants Documents, the Plan Securities and any related documentation, the New Governance Documents, and any other Restructuring Documents, or related agreements, instruments or other documents, (e) the restructuring of Claims or Equity Interests prior to or during the Chapter 11 Case, (f) the purchase, sale, or rescission of the purchase or sale of any Equity Interest or Plan Securities of the Debtor or the Reorganized Debtor, (g) the Confirmation or Consummation of this Plan or the solicitation of votes on this Plan, and/or (h) any other act or omission; *provided*, that the foregoing “*Debtor Release*” shall not operate to waive or release, and the “*Debtor Released Claims*” shall not include, any Cause of Action of the Debtor or its Estate: (1) against a Released Party arising from any obligations owed to the Debtor pursuant to an Executory Contract or Unexpired Lease that is not otherwise rejected by the Debtor pursuant to section 365 of the Bankruptcy Code before, after, or as of the Effective Date; (2) expressly set forth in and preserved by this Plan or related documents; (3) that is of a commercial nature and arising in the ordinary course of business, such as accounts receivable and accounts payable on account of goods and services being performed; (4) against a Holder of a Disputed Claim to the extent necessary to administer and resolve such Disputed Claim solely in accordance with this

Plan; or (5) arising from an act or omission that is judicially determined by a Final Order to have constituted actual fraud, gross negligence, willful misconduct or criminal conduct. Notwithstanding anything to the contrary in the foregoing, the “Debtor Release” set forth above does not release any post-Effective Date obligations of any Entity under this Plan or any document, instrument or agreement executed in connection with this Plan with respect to the Debtor, the Reorganized Debtor, or the Estate.

2. ***Release By Holders of Claims and Interests.*** As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce this Plan, and the obligations contemplated by this Plan and the Restructuring Documents, or as otherwise provided in any order of the Bankruptcy Court, on and after the Effective Date, the Released Parties will be deemed conclusively, absolutely, unconditionally, irrevocably, and forever released, to the maximum extent permitted by law, by the Releasing Parties, in each case from any and all Claims and Causes of Action whatsoever (including any derivative claims, asserted or assertable on behalf of the Debtor, the Reorganized Debtor, or its Estate), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, whether in law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common law, or any other applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, that such Holders or their estates, affiliates, heirs, executors, administrators, successors, assigns, managers, accountants, attorneys, Representatives, consultants, agents, and any other Persons claiming under or through them would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person (collectively, the “*Third-Party Released Claims*”), based on or relating to, or in any manner arising from, in whole or in part, (a) the Debtor, the Debtor’s capital structure, the Reorganized Debtor, the Estate, the Chapter 11 Case (including the filing thereof), the Disclosure Statement, this Plan (including the Plan Supplement), the Restructuring Support Agreement (and any annexes, exhibits, and term sheets attached thereto), the Unsecured Notes and Unsecured Notes Documents, (b) the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in this Plan, (c) the business or contractual arrangements between the Debtor and any Released Parties, (d) the negotiation, formulation or preparation of the Disclosure Statement, this Plan (including the Plan Supplement), the Restructuring Support Agreement (and any annexes, exhibits, and term sheets attached thereto), the New Warrants Documents, the Plan Securities and any related documentation, the New Governance Documents, and any other Restructuring Documents, or related agreements, instruments or other documents, (e) the restructuring of Claims or Equity Interests prior to or during the Chapter 11 Case, (f) the purchase, sale, or rescission of the purchase or sale of any Equity Interest or Plan Securities of the Debtor or the Reorganized Debtor, (g) the Confirmation or Consummation of this Plan or the solicitation of votes on this Plan, and/or (h) any other act or omission; *provided*, that the foregoing Third-Party Release shall not operate to waive or release, and the “Third-Party Released Claims” shall not include, any Cause of Action of any Releasing Party: (1) against a Released Party arising from any obligations owed to the Releasing Party that are wholly unrelated to the Debtor or the Reorganized Debtor; (2) expressly set forth in and preserved by this Plan or related documents; or (3) arising from



**an act or omission that is judicially determined by a Final Order to have constituted actual fraud, gross negligence, willful misconduct or criminal conduct. Notwithstanding anything to the contrary in the foregoing, the “Third-Party Release” set forth above does not release any post-Effective Date obligations of any Entity under this Plan or any document, instrument or agreement executed in connection with this Plan.**

*C. Waiver of Statutory Limitations on Releases*

Each of the Releasing Parties in each of the Releases contained above expressly acknowledges that although ordinarily a general release may not extend to Claims which the Releasing Party does not know or suspect to exist in its favor, which if known by it may have materially affected its settlement with the party released, they have carefully considered and taken into account in determining to enter into the above Releases the possible existence of such unknown losses or claims. Without limiting the generality of the foregoing, each Releasing Party expressly waives any and all rights conferred upon it by any statute or rule of law which provides that a release does not extend to claims which the claimant does not know or suspect to exist in its favor at the time of providing the release, which if known by it may have materially affected its settlement with the released party. The Releases contained in this Plan are effective regardless of whether those released matters are presently known, unknown, suspected, or unsuspected, foreseen, or unforeseen.

*D. Discharge of Claims and Equity Interests*

To the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code, except as otherwise expressly provided by this Plan or the Combined Order, effective as of the Effective Date, all consideration distributed under this Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims, Equity Interests and Causes of Action of any kind or nature whatsoever against the Debtor or any of its respective assets or properties, including any interest accrued on such Claims or Equity Interests from and after the Petition Date, and regardless of whether any property shall have been distributed or retained pursuant to this Plan on account of such Claims, Equity Interests or Causes of Action.

Except as otherwise expressly provided by this Plan or the Combined Order, upon the Effective Date, the Debtor and its Estate shall be deemed discharged and released under and to the fullest extent provided under sections 524 and 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code from any and all Claims of any kind or nature whatsoever, including, but not limited to, demands and liabilities that arose before Confirmation, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code. Such discharge shall void any judgment obtained against the Debtor or the Reorganized Debtor at any time, to the extent that such judgment relates to a discharged Claim.

Except as otherwise expressly provided by this Plan or the Combined Order, upon the Effective Date: (a) the rights afforded herein and the treatment of all Claims and Equity Interests shall be in exchange for and in complete satisfaction, settlement, discharge, and release of all Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtor or any of its respective assets,

property, or Estate; (b) all Claims and Equity Interests shall be satisfied, discharged, and released in full, and the Debtor's liability with respect thereto shall be extinguished completely without further notice or action; and (c) all Entities shall be precluded from asserting against the Debtor, the Estate, the Reorganized Debtor, each of their respective successors and assigns, and each of their respective assets and properties, any such Claims or Equity Interests, whether based upon any documents, instruments or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date or otherwise.

#### *E. Exculpation*

**To the fullest extent permitted by applicable law, and without affecting or limiting the Releases set forth in Article X.B. of this Plan, effective as of the Effective Date, the Exculpated Party shall neither have nor incur any liability to any Person or Entity for any claims, causes of action or for any act taken or omitted to be taken on or after the Petition Date and prior to or on the Effective Date in connection with or arising out of: (a) the administration of the Chapter 11 Case, commencement of the Chapter 11 Case, pursuit of Confirmation and consummation of this Plan, making distributions, the Disclosure Statement, the Restructuring Transactions, the New Warrants Documents, or the solicitation of votes for, or confirmation of, this Plan; (b) the occurrence of the Effective Date; (c) the administration of this Plan or the property to be distributed under this Plan; (d) the issuance of securities under or in connection with this Plan; (e) the purchase, sale, or rescission of the purchase or sale of any asset or security of the Debtor; or (f) the transactions in furtherance of any of the foregoing; *provided*, that none of the foregoing provisions shall operate to waive or release (x) any Claims or Causes of Action arising out of or related to any act or omission of the Exculpated Party that constitutes intentional fraud, criminal conduct, or willful misconduct, as determined by a Final Order, and (y) the Exculpated Party's rights and obligations under this Plan, the Restructuring Documents, and the Combined Order, but in all respects such Persons will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to this Plan. The Exculpated Party has acted in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation of votes on this Plan and, therefore, are not, and will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or distributions made pursuant to this Plan. The Exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Party from liability.**

#### *F. Permanent Injunction*

The Combined Order shall permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively, or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses, or liabilities released pursuant to this Plan, including the Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities released or exculpated in this Plan or the Combined Order.

**No Person or Entity may commence or pursue a Claim or Cause of Action, as applicable, of any kind against the Debtor, the Reorganized Debtor, the Exculpated Party,**

or the Released Parties, as applicable, that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Claim or Cause of Action, as applicable, subject to Article X.B, Article X.C, Article X.D, Article X.E, and Article X.F hereof, without the Bankruptcy Court (a) first determining, after notice and a hearing, that such Claim or Cause of Action, as applicable, represents a colorable Claim of any kind, and (b) specifically authorizing such Person or Entity to bring such Claim or Cause of Action, as applicable, against the Debtor, the Reorganized Debtor, the Exculpated Party, or any Released Party, as applicable. At the hearing for the Bankruptcy Court to determine whether such Claim or Cause of Action represents a colorable Claim of any kind, the Bankruptcy Court may, or shall if the Debtor, the Reorganized Debtor, the Exculpated Party, any Released Party, or other party in interest requests by motion (oral motion being sufficient), direct that such Person or Entity seeking to commence or pursue such Claim or Cause of Action file a proposed complaint with the Bankruptcy Court embodying such Claim or Cause of Action, such complaint satisfying the applicable Rules of Federal Procedure, including, but not limited to, Rule 8 and Rule 9 (as applicable), which the Bankruptcy Court shall assess before making a determination. For the avoidance of doubt, any party that obtains such determination and authorization and subsequently wishes to amend the authorized complaint or petition to add any claims or causes of action not explicitly included in the authorized complaint or petition must obtain authorization from the Bankruptcy Court before filing any such amendment in the court where such complaint or petition is pending. The Bankruptcy Court reserves jurisdiction to adjudicate any such claims to the maximum extent provided by the law.

Nothing in this Plan, Combined Order, or other related Plan documents shall affect a release of any Claim by the United States Government or any of its agencies or any state and local authority whatsoever, including without limitation any Claim arising under the enforcement, regulatory activities, or police powers of such governmental agencies, nor shall anything in this Plan, Combined Order, or other related Plan documents enjoin the United States or any of its agencies or any state and local authority whatsoever from exercising the enforcement, regulatory activities, or police powers of such governmental agencies, nor shall anything in this Plan, Combined Order, or other related Plan documents exculpate any party or Person in connection with the enforcement, regulatory activities, or police powers of such governmental agencies.

#### *G. Binding Nature of Plan*

**ON THE EFFECTIVE DATE, AND EFFECTIVE AS OF THE EFFECTIVE DATE, THIS PLAN SHALL BIND, AND SHALL BE DEEMED BINDING UPON, THE DEBTOR, THE REORGANIZED DEBTOR, ANY AND ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR, ALL PERSONS AND ENTITIES THAT ARE PARTIES TO OR ARE SUBJECT TO THE SETTLEMENTS, COMPROMISES, RELEASES, EXCULPATIONS, DISCHARGES, AND INJUNCTIONS DESCRIBED IN THIS PLAN, EACH PERSON AND ENTITY ACQUIRING PROPERTY UNDER THIS PLAN, ANY AND ALL NON-DEBTOR PARTIES TO EXECUTORY CONTRACTS AND UNEXPIRED LEASES WITH THE DEBTOR AND THE RESPECTIVE SUCCESSORS AND ASSIGNS OF EACH OF THE FOREGOING, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AND**

**NOTWITHSTANDING WHETHER OR NOT SUCH PERSON OR ENTITY (A) SHALL RECEIVE OR RETAIN ANY PROPERTY, OR INTEREST IN PROPERTY, UNDER THIS PLAN, (B) HAS FILED A PROOF OF CLAIM OR INTEREST IN THE CHAPTER 11 CASE OR (C) FAILED TO VOTE TO ACCEPT OR REJECT THIS PLAN OR AFFIRMATIVELY VOTED TO REJECT THIS PLAN.**

*H. Protection Against Discriminatory Treatment*

To the extent provided by section 525 of the Bankruptcy Code and the Supremacy Clause of the United States Constitution, all Persons and Entities, including Governmental Units, shall not discriminate against the Reorganized Debtor or deny, revoke, suspend or refuse to renew a license, permit, charter, franchise or other similar grant to, condition such a grant to, discriminate with respect to such a grant, against the Reorganized Debtor, or another Person or Entity with whom the Reorganized Debtor has been associated, solely because the Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Case (or during the Chapter 11 Case but before the Debtor is granted or denied a discharge) or has not paid a debt that is dischargeable in the Chapter 11 Case.

*I. Recoupment*

In no event shall any Holder of a Claim be entitled to recoup such Claim against any Claim, right, or Cause of Action of the Debtor or the Reorganized Debtor, as applicable, unless such Holder actually has performed such recoupment and provided Notice thereof in writing to the Debtor on or before Confirmation, notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

*J. Integral Part of Plan*

Each of the provisions set forth in this Plan with respect to the settlement, release, discharge, exculpation, injunction, indemnification, and insurance of, for or with respect to Claims and/or Causes of Action are an integral part of this Plan and essential to its implementation. Accordingly, each Entity that is a beneficiary of such provision shall have the right to independently seek to enforce such provision and such provision may not be amended, modified, or waived after the Effective Date without the prior written consent of such beneficiary.

**ARTICLE VIII.**

**RETENTION OF JURISDICTION**

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding the entry of the Combined Order and the occurrence of the Effective Date, the Bankruptcy Court shall, on and after the Effective Date, retain exclusive jurisdiction over the Chapter 11 Case and all Entities with respect to all matters arising out of or related to the Chapter 11 Case, the Debtor and this Plan as legally permissible, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim or Equity Interest, including, without limitation, the

resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of any such Claim or Equity Interest;

2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or this Plan, for periods ending on or before the Effective Date; *provided* that, from and after the Effective Date, the Reorganized Debtor shall pay Professionals in the ordinary course of business for any work performed after the Effective Date and such payment shall not be subject to the approval of the Bankruptcy Court;

3. resolve any matters related to the assumption, assignment or rejection of any Executory Contract or Unexpired Lease and to adjudicate and, if necessary, liquidate, any Claims arising therefrom, including, without limitation, those matters related to any amendment to this Plan after the Effective Date to add Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed or rejected (as applicable);

4. resolve any issues related to any matters adjudicated in the Chapter 11 Case;

5. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of this Plan;

6. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other Causes of Action that are pending as of the Effective Date or that may be commenced in the future, and grant or deny any applications involving the Debtor that may be pending on the Effective Date or instituted by the Reorganized Debtor after the Effective Date; *provided* that the Reorganized Debtor shall reserve the right to commence actions in all appropriate forums and jurisdictions;

7. enter such orders as may be necessary or appropriate to implement or consummate the provisions of this Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with this Plan, the Plan Supplement, or the Disclosure Statement;

8. resolve any cases, controversies, suits, or disputes that may arise in connection with the Consummation, interpretation or enforcement of this Plan or any Person's or Entity's obligations incurred in connection with this Plan;

9. hear and determine all Causes of Action that are pending as of the Effective Date or that may be commenced in the future;

10. enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

11. grant any consensual request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code;

12. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

13. issue injunctions and enforce them, enter, and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with Consummation or enforcement of this Plan;

14. enforce the terms and conditions of this Plan, the Combined Order, and the Restructuring Documents;

15. resolve any cases, controversies, suits or disputes with respect to the Release, the Exculpation, the indemnification and other provisions contained in Article X hereof and enter such orders or take such others actions as may be necessary or appropriate to implement or enforce all such provisions;

16. hear and determine all Litigation Claims;

17. enter and implement such orders or take such other actions as may be necessary or appropriate if the Combined Order is modified, stayed, reversed, revoked, or vacated;

18. resolve any other matters that may arise in connection with or relate to this Plan, the Disclosure Statement, the Combined Order or any release or exculpation adopted in connection with this Plan;

19. enter an order or final decree concluding or closing the Chapter 11 Case;

20. enforce all orders previously entered by the Bankruptcy Court; and

21. hear any other matter not inconsistent with the Bankruptcy Code.

Notwithstanding the foregoing, (a) any dispute arising under or in connection with the New Governance Documents shall be dealt with in accordance with the provisions of the applicable document and (b) if the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Case, including the matters set forth in this Article XI of this Plan, the provisions of this Article XI shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

#### **ARTICLE IX.**

#### **MISCELLANEOUS PROVISIONS**

##### *A. Substantial Consummation*

“Substantial Consummation” of this Plan, as defined in 11 U.S.C. § 1101(2), shall be deemed to occur on the Effective Date.

##### *B. Post-Effective Date Fees and Expenses*

The Reorganized Debtor shall pay the liabilities and charges that they incur on or after the Effective Date for Professionals’ fees, disbursements, expenses, or related support services

(including reasonable fees, costs and expenses incurred by Professionals relating to the preparation of interim and final fee applications and obtaining Bankruptcy Court approval thereof) in the ordinary course of business and without application or notice to, or order of, the Bankruptcy Court, including, without limitation, the reasonable fees, expenses, and disbursements of the Distribution Agents and the fees, costs and expenses incurred by Professionals in connection with the implementation, enforcement and Consummation of this Plan and the Restructuring Documents.

### *C. Conflicts*

In the event that a provision of the Restructuring Documents or the Disclosure Statement (including any and all exhibits and attachments thereto) conflicts with a provision of this Plan or the Combined Order, the provision of this Plan and the Combined Order (as applicable) shall govern and control to the extent of such conflict. In the event that a provision of this Plan conflicts with a provision of the Combined Order, the provision of the Combined Order shall govern and control to the extent of such conflict.

### *D. Modification of Plan*

Effective as of the date hereof: (a) the Debtor reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify this Plan prior to the entry of the Combined Order in accordance with section 1127(a) of the Bankruptcy Code; and (b) after the entry of the Combined Order, the Debtor or the Reorganized Debtor, as applicable, may, upon order of the Bankruptcy Court, amend or modify this Plan in accordance with section 1127(b) of the Bankruptcy Code or to remedy any defect or omission or reconcile any inconsistency in this Plan in such manner as may be necessary to carry out the purpose and intent of this Plan. A Holder of a Claim or Equity Interest that has accepted this Plan shall be deemed to have accepted this Plan as altered, amended, or modified, if the proposed alteration, amendment, or modification does not materially and adversely change the treatment of the Claim or Equity Interest of such Holder.

### *E. Effect of Confirmation on Modifications*

Entry of the Combined Order shall constitute (a) approval of all modifications to this Plan occurring after the solicitation of votes thereon pursuant to section 1127(a) of the Bankruptcy Code; and (b) a finding that such modifications to this Plan do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

### *F. Revocation or Withdrawal of Plan*

The Debtor reserves the right to revoke or withdraw this Plan prior to the Effective Date and to File subsequent chapter 11 plans. If the Debtor revokes or withdraws this Plan, or if Confirmation or the Effective Date does not occur, then: (a) this Plan will be null and void in all respects; (b) any settlement or compromise embodied in this Plan, assumption or rejection of Executory Contracts or Unexpired Leases effectuated by this Plan, and any document or agreement executed pursuant hereto will be null and void in all respects; and (c) nothing contained in this Plan shall (i) constitute a waiver or release of any Claims, Equity Interests, or Causes of Action by any Entity, (ii) prejudice in any manner the rights of the Debtor or any other

Entity, or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtor or any other Entity.

*G. Successors and Assigns*

This Plan shall be binding upon and inure to the benefit of the Debtor, the Reorganized Debtor, all present and former Holders of Claims and Equity Interests, other parties-in-interest, and their respective heirs, executors, administrators, successors, and assigns. The rights, benefits, and obligations of any Person or Entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of such Person or Entity.

*H. Reservation of Rights*

Except as expressly set forth herein, this Plan shall have no force or effect unless and until the Bankruptcy Court enters the Combined Order and the Consummation occurs. Neither the Filing of this Plan, any statement or provision contained herein, nor the taking of any action by the Debtor or any other Entity with respect to this Plan shall be or shall be deemed to be an admission or waiver of any rights of: (a) the Debtor with respect to the Holders of Claims or Equity Interests or other Entity; or (b) any Holder of a Claim or an Equity Interest or other Entity prior to the Effective Date.

*I. Further Assurances*

The Debtor or the Reorganized Debtor, as applicable, all Holders of Claims and Equity Interests receiving distributions hereunder, and all other Entities shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan or the Combined Order.

*J. Severability*

If, prior to Confirmation, any term or provision of this Plan is determined by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Combined Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

*K. Service of Documents*

Any notice, direction or other communication given regarding the matters contemplated by this Plan (each, a “*Notice*”) must be in writing, sent by personal delivery, electronic mail, courier or facsimile and addressed as follows:



**If to the Debtor:**

Vroom, Inc.  
3600 West Sam Houston Pkwy S., Floor 4  
Houston, TX 77042  
Attn: Thomas Shortt  
Anna-Lisa Corrales  
Email: tom.shortt@vroom.com  
annalisa@vroom.com

with a copy (which shall not constitute Notice) to:

Porter Hedges LLP  
1000 Main St., 36<sup>th</sup> Floor  
Houston, TX 77002  
Attn: John F. Higgins  
Eric M. English  
M. Shane Johnson  
Telephone: (713) 226-6000  
Email: jhiggins@porterhedges.com  
eenglish@porterhedges.com  
sjohnson@porterhedges.com

**If to Mudrick:**

Wachtell Lipton Rosen & Katz  
51 West 52nd Street  
New York, NY 10019  
Attn: Joshua A. Feltman  
Email: JAFeltman@wlrk.com

A Notice is deemed to be given and received (a) if sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, or (b) if sent by electronic mail, when transmitted by the sender. Any party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any element of a party's address that is not specifically changed in a Notice shall be assumed not to be changed. Sending a copy of a Notice to the Debtor's or Reorganized Debtor's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that party.

*L. Exemption from Certain Taxes and Fees*

To the fullest extent permitted by section 1146(a) of the Bankruptcy Code, any transfers (whether from the Debtor to the Reorganized Debtor or to any other Person) of property under this Plan (including the Restructuring Transactions) or pursuant to: (a) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtor or the

Reorganized Debtor; (b) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (c) the making, assignment, or recording of any lease or sublease; or (d) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, this Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to this Plan (including the Restructuring Transactions), shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, sales or use tax, or other similar tax or governmental assessment. All appropriate state or local governmental officials, agents, or filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146(a) of the Bankruptcy Code, shall forgo the collection of any such tax or governmental assessment, and shall accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

#### *M. Governing Law*

Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent that a Restructuring Document or an exhibit or schedule to this Plan provides otherwise, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of New York, without giving effect to the principles of conflicts of law of such jurisdiction.

#### *N. Tax Reporting and Compliance*

The Reorganized Debtor is authorized, on behalf of the Debtor, to request an expedited determination under section 505(b) of the Bankruptcy Code of the tax liability of the Debtor for all taxable periods ending after the Petition Date through and including the Effective Date.

#### *O. Entire Agreement*

Except as otherwise provided herein or therein, this Plan and the Restructuring Documents supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into this Plan and the Restructuring Documents.

#### *P. Closing of Chapter 11 Case*

The Reorganized Debtor shall, promptly after the full administration of the Chapter 11 Case, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Case.

*Q. 2002 Notice Parties*

After the Effective Date, the Debtor and the Reorganized Debtor, as applicable, are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed a renewed request after the Combined Hearing to receive documents pursuant to Bankruptcy Rule 2002.

*R. Default by a Holder of a Claim or Equity Interest*

An act or omission by a Holder of a Claim or an Equity Interest in contravention of the provisions of this Plan shall be deemed an event of default under this Plan. Upon an event of default, the Reorganized Debtor may seek to hold the defaulting party in contempt of the Combined Order and may be entitled to reasonable attorneys' fees and costs of the Reorganized Debtor in remedying such default. Upon the finding of such a default by a Holder of a Claim or Equity Interest, the Bankruptcy Court may: (a) designate a party to appear, sign, and/or accept the documents required under this Plan on behalf of the defaulting party, in accordance with Bankruptcy Rule 7070; (b) enforce this Plan by order of specific performance; (c) award judgment against such defaulting Holder of a Claim or Equity Interest in favor of the Reorganized Debtor in an amount, including interest, to compensate the Reorganized Debtor for the damages caused by such default; and (d) make such other order as may be equitable that does not materially alter the terms of this Plan.

[Remainder of page intentionally left blank]

Dated: November 12, 2024

Respectfully submitted,

VROOM, INC.

By:           /s/ [DRAFT]

Title: Thomas Shortt  
Chief Executive Officer  
Vroom, Inc.

**Exhibit A**

**Restructuring Support Agreement**

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**Exhibit 4**

**Joinder Agreement**

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## Form of Joinder Agreement

The undersigned ("**Joinder Party**") hereby acknowledges that it has read and understands the Restructuring Support Agreement, dated as [ ], 2024, by and among the Company and the Consenting Stakeholders (as amended, amended and restated, supplemented, or otherwise modified from time to time in accordance with the terms thereof, the "**Agreement**"),<sup>1</sup> and agrees to be bound by the terms and conditions thereof as a Consenting Stakeholder to the extent that the other Consenting Stakeholders are thereby bound, and shall henceforth be deemed a "Consenting Stakeholder" under the terms of the Agreement.

The Joinder Party specifically agrees to be bound by the terms and conditions of the Agreement as a Consenting Stakeholder and makes all representations and warranties of Consenting Noteholders contained therein as of the date this Joinder Agreement is executed and any further date specified in the Agreement.

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Name:  
Title:  
Address:  
E-mail address(es):

<i>Aggregate Amounts Beneficially Owned or Managed on Account of:</i>	
Unsecured Notes Claims	
Equity Interests	

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement.

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## CERTIFICATION

I, Thomas H. Shortt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vroom, Inc.;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
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Date: November 12, 2024

By: \_\_\_\_\_  
/s/ Thomas H. Shortt  
Thomas H. Shortt  
Chief Executive Officer  
*(principal executive officer)*

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Vroom, Inc. (the "Company") for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2024

By: \_\_\_\_\_  
/s/ Thomas H. Shortt  
Thomas H. Shortt  
Chief Executive Officer  
(*principal executive officer*)

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