
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)

November 30, 2020

TrueCar, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-36449
(Commission File Number)

04-3807511
(IRS Employer
Identification No.)

120 Broadway, Suite 200
Santa Monica, California 90401
(Address of principal executive offices, including zip code)

(800) 200-2000
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, par value \$0.0001 per share	TRUE	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On November 30, 2020, TrueCar, Inc., a Delaware corporation (the “Company”), completed the previously-announced sale (the “Divestiture”) of all of the outstanding equity interests of ALG, LLC, a Delaware limited liability company, successor by conversion to ALG, Inc., a Delaware corporation, and wholly-owned subsidiary of the Company (“ALG”), to J.D. Power, a Delaware corporation (the “Buyer”), for \$112.5 million in cash (subject to customary working capital and other adjustments) pursuant to the Membership Interest Purchase Agreement, dated as of July 31, 2020 (the “Purchase Agreement”), by and among the Company, ALG and the Buyer. As previously disclosed, the Purchase Agreement provides for the Buyer to pay the Company (i) a potential cash earnout of up to \$7.5 million based upon ALG’s achievement of certain revenue metrics in 2020 and (ii) a potential cash earnout of up to \$15 million based upon ALG’s achievement of certain revenue metrics in 2022.

There is no material relationship that is required to be disclosed in this Current Report on Form 8-K pursuant to Item 2.01(c) of Form 8-K.

The foregoing description of the Divestiture does not purport to be complete and is qualified in its entirety by reference to the complete text of the Purchase Agreement, a copy of which was filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 6, 2020.

Item 7.01 Regulation FD Disclosure.

Also on November 30, 2020, the Company issued a press release announcing the completion of the Divestiture. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 7.01 and in Item 9.01 of this Current Report on Form 8-K shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.**(b) Pro Forma Financial Information.**

The following unaudited pro forma condensed consolidated financial statements and accompanying notes are filed herewith to give effect to the Divestiture and are incorporated by reference into this Item 9.01:

- Unaudited pro forma condensed consolidated statements of operations for the years ended December 31, 2019, 2018 and 2017.
- Unaudited pro forma condensed consolidated balance sheet as of September 30, 2020.
- Notes to the unaudited pro forma condensed consolidated financial statements.

(d) Exhibits.

99.1 [Press Release issued by TrueCar, Inc., dated November 30, 2020.](#)

99.2 [Unaudited Pro Forma Condensed Consolidated Financial Statements.](#)

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 hereunto duly authorized.

TRUECAR, INC.

By: /s/ Jeff Swart
Jeff Swart
EVP, General Counsel & Secretary

Date: December 3, 2020



TrueCar Closes Sale of ALG Subsidiary to J.D. Power

SANTA MONICA, Calif., November 30, 2020 – TrueCar, Inc. (NASDAQ: TRUE), the most efficient and transparent online destination to find a car, announced today that it closed the previously announced sale of its ALG subsidiary to J.D. Power.

The total consideration of \$135 million includes an upfront cash payment of \$112.5 million received at closing, and total deferred payments of up to \$22.5 million based on certain financial results. This transaction enriches TrueCar's cash balance, which as of today exceeds \$270 million. The company has no outstanding debt on its balance sheet.

TrueCar will use proceeds from the ALG divestiture to support its share repurchase program of up to \$75 million, which is already underway, and to maintain strategic flexibility.

"We are very pleased to reach today's milestone, which reinforces our commitment to creating shareholder value. With over \$270 million of cash on the balance sheet and no outstanding debt, we are in a strong financial position to accelerate toward our vision of building the most flexible and convenient digital car buying marketplace," said Mike Darrow, President & CEO of TrueCar.

Goldman Sachs & Co. LLC. served as exclusive financial advisor to TrueCar in connection with the transaction and Cooley LLP served as legal counsel.

About TrueCar

TrueCar is a leading automotive digital marketplace that enables car buyers to connect to our nationwide network of Certified Dealers. We are building the industry's most personalized and efficient car buying experience as we seek to bring more of the purchasing process online. Consumers who visit our marketplace will find a suite of vehicle discovery tools, price ratings and market context on new and used cars – all with a clear view of what's a great deal. When they are ready, TrueCar will enable them to connect with a local Certified Dealer who shares in our belief that truth, transparency and fairness are the foundation of a great car buying experience. As part of our marketplace, TrueCar powers car-buying programs for over 250 leading brands, including AARP, Sam's Club, and American Express. Nearly half of all new-car buyers engage with TrueCar powered sites, where they buy smarter and drive happier. TrueCar is headquartered in Santa Monica, California, with offices in Austin, Texas and Boston, Massachusetts.

For more information, please visit www.truecar.com, and follow us on Facebook or Twitter. TrueCar media line: +1-844-469-8442 (US toll-free) Email: pr@truecar.com

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TRUECAR, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Overview

On November 30, 2020, TrueCar, Inc., a Delaware corporation (the “Company”), completed the previously-announced sale (the “Divestiture”) of all of the outstanding equity interests of ALG, LLC, a Delaware limited liability company, successor by conversion to ALG, Inc., a Delaware corporation, and wholly-owned subsidiary of the Company (“ALG”), to J.D. Power, a Delaware corporation (the “Buyer”), for \$112.5 million in cash (subject to customary working capital and other adjustments) pursuant to the Membership Interest Purchase Agreement, dated as of July 31, 2020 (the “Purchase Agreement”), by and among the Company, ALG and the Buyer. Additionally, the Purchase Agreement provides for the Buyer to pay the Company (i) a potential cash earnout of up to \$7.5 million based upon ALG’s achievement of certain revenue metrics in 2020 and (ii) a potential cash earnout of up to \$15 million based upon ALG’s achievement of certain revenue metrics in 2022.

Basis of Presentation

The unaudited pro forma condensed consolidated financial statements are based on currently available information and assumptions at the time of filing. The historical financial information included in the unaudited pro forma condensed consolidated balance sheet as of September 30, 2020 is derived from and should be read in conjunction with the Company’s unaudited financial statements in its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020, as filed with the Securities and Exchange Commission (the “SEC”) on November 6, 2020. The historical financial information included in the unaudited pro forma condensed consolidated statements of operations for the years ended December 31, 2019, 2018 and 2017 are derived from and should be read in conjunction with the Company’s audited financial statements in its Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 28, 2020. An unaudited pro forma condensed consolidated statement of operations for the nine months ended September 30, 2020 is omitted as no pro forma adjustments are applicable and ALG was previously classified as discontinued operations in our condensed consolidated statements of comprehensive income (loss) included in our Form 10-Q filed on November 6, 2020.

The unaudited pro forma condensed consolidated balance sheet as of September 30, 2020 gives effect to the sale of ALG as if it occurred on September 30, 2020. The unaudited pro forma condensed consolidated statements of operations give effect to the sale of ALG as if it occurred on January 1, 2017, the beginning of the earliest period presented. The pro forma adjustments are described in the accompanying notes to the unaudited pro forma condensed consolidated financial statements and do not include any potential earnout payments since they are contingent based upon the achievement of certain future ALG revenue metrics in 2020 and 2022.

The unaudited pro forma adjustments are based on currently available information and assumptions that the Company’s management believes are (a) directly attributable to the sale; (b) are factually supportable; and (c) with respect to the statements of operations, have continuing impact on the consolidated results. Actual adjustments, however, may differ materially from the information presented. The unaudited pro forma adjustments may differ from the amounts that will be calculated to report the Company’s discontinued operations in the Company’s future filings. Pro forma adjustments do not include allocations of corporate costs, as those are not directly attributable to the Divestiture. The unaudited pro forma condensed consolidated financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what the Company’s results of operations or balance sheet would have been had the sale of ALG occurred on the dates indicated. The unaudited pro forma condensed consolidated financial information also should not be considered representative of the Company’s future results of operations or financial position.

TRUECAR, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands)

	September 30, 2020		
	Historical	Pro Forma Adjustments	Pro Forma
Assets			
Current assets			
Cash and cash equivalents	\$ 178,699	\$ 113,114 (a)	\$ 291,813
Accounts receivable, net	40,723	—	40,723
Prepaid expenses	7,197	—	7,197
Other current assets	5,904	—	5,904
Current assets of discontinued operations	27,280	(27,280) (b)	—
Total current assets	259,803	85,834	345,637
Property and equipment, net	23,789	—	23,789
Operating lease right-of-use assets	31,752	—	31,752
Goodwill	51,205	—	51,205
Intangible assets, net	7,200	—	7,200
Equity method investment	20,433	—	20,433
Other assets	3,367	52 (d)	3,419
Total assets	<u>\$ 397,549</u>	<u>\$ 85,886</u>	<u>\$ 483,435</u>
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable	\$ 13,140	\$ —	\$ 13,140
Accrued employee expenses	5,117	—	5,117
Operating lease liabilities, current	4,625	—	4,625
Accrued expenses and other current liabilities	16,196	3,200 (d)	20,618
		1,222 (c)	
Current liabilities of discontinued operations	754	(754) (b)	—
Total current liabilities	39,832	3,668	43,500
Deferred tax liabilities	442	(442) (d)	—
Operating lease liabilities, net of current portion	33,312	—	33,312
Other liabilities	2,060	—	2,060
Total liabilities	75,646	3,226	78,872
Stockholders' Equity			
Common stock	11	—	11
Additional paid-in capital	764,276	—	764,276
Accumulated deficit	(442,384)	82,660 (e)	(359,724)
Total stockholders' equity	321,903	82,660	404,563
Total liabilities and stockholders' equity	<u>\$ 397,549</u>	<u>\$ 85,886</u>	<u>\$ 483,435</u>

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

TRUECAR, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31, 2019		
	Historical	Pro Forma Adjustments	Pro Forma
Revenues	\$ 353,880	\$ (18,834) (b)	\$ 335,046
Costs and operating expenses:			
Cost of revenue	33,427	(5,598) (b)	27,829
Sales and marketing	229,342	(2,365) (b)	226,977
Technology and development	57,188	(1,076) (b)	56,112
General and administrative	65,148	(829) (b)	64,319
Depreciation and amortization	25,591	(4,926) (b)	20,665
Total costs and operating expenses	410,696	(14,794)	395,902
Loss from operations	(56,816)	(4,040)	(60,856)
Interest income	3,495	(1,014) (b)	2,481
Loss from equity method investment	(1,280)	—	(1,280)
Loss before income taxes	(54,601)	(5,054)	(59,655)
Provision for income taxes	289	(205) (f)	84
Loss from continuing operations	\$ (54,890)	\$ (4,849)	\$ (59,739)
Loss from continuing operations per share:			
Basic and diluted	\$ (0.52)		\$ (0.56)
Weighted average common shares outstanding, basic and diluted	105,805		105,805

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

TRUECAR, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31, 2018		
	Historical	Pro Forma Adjustments	Pro Forma
Revenues	\$ 353,571	\$ (18,482) (b)	\$ 335,089
Costs and operating expenses:			
Cost of revenue	31,154	(5,018) (b)	26,136
Sales and marketing	213,415	(2,207) (b)	211,208
Technology and development	61,348	(1,097) (b)	60,251
General and administrative	54,140	(1,379) (b)	52,761
Depreciation and amortization	22,677	(4,881) (b)	17,796
Total costs and operating expenses	382,734	(14,582)	368,152
Loss from operations	(29,163)	(3,900)	(33,063)
Interest income	3,314	(525) (b)	2,789
Interest expense	(2,649)	—	(2,649)
Loss before income taxes	(28,498)	(4,425)	(32,923)
Benefit from income taxes	(177)	(130) (f)	(307)
Loss from continuing operations	\$ (28,321)	\$ (4,295)	\$ (32,616)
Loss from continuing operations per share:			
Basic and diluted	\$ (0.28)		\$ (0.32)
Weighted average common shares outstanding, basic and diluted	102,149		102,149

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

TRUECAR, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31, 2017		
	Historical	Pro Forma Adjustments	Pro Forma
Revenues	\$ 323,149	\$ (18,822) (b)	\$ 304,327
Costs and operating expenses:			
Cost of revenue	28,227	(4,601) (b)	23,626
Sales and marketing	185,397	(1,815) (b)	183,582
Technology and development	59,070	(1,274) (b)	57,796
General and administrative	61,646	(1,968) (b)	59,678
Depreciation and amortization	22,472	(4,812) (b)	17,660
Total costs and operating expenses	356,812	(14,470)	342,342
Loss from operations	(33,663)	(4,352)	(38,015)
Interest income	1,260	(116) (b)	1,144
Interest expense	(2,610)	—	(2,610)
Loss before income taxes	(35,013)	(4,468)	(39,481)
Benefit from income taxes	(2,164)	(486) (f)	(2,650)
Loss from continuing operations	\$ (32,849)	\$ (3,982)	\$ (36,831)
Loss from continuing operations per share:			
Basic and diluted	\$ (0.35)		\$ (0.39)
Weighted average common shares outstanding, basic and diluted	94,865		94,865

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

TRUECAR, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The unaudited pro forma condensed consolidated financial statements give effect to the pro forma adjustments necessary to reflect the Divestiture as if the transaction had occurred on September 30, 2020 in the unaudited pro forma balance sheet as of September 30, 2020 and on January 1, 2017 in the unaudited pro forma statements of operations for the years ended December 31, 2019, 2018 and 2017.

2. Pro Forma Adjustments

The unaudited pro forma condensed consolidated financial statements include the following adjustments:

- (a) Represents the increase in cash and cash equivalents resulting from the pro forma consideration received of \$113.1 million. No adjustment has been made to the sale proceeds for any potential post-closing adjustments or potential receipt of cash earnouts (up to \$22.5 million) since they are contingent based upon the achievement of certain future ALG revenue metrics in 2020 and 2022.
- (b) Reflects the historical assets, liabilities and operating results related to the Divestiture.
- (c) Represents certain accrued transaction costs related to the Divestiture.
- (d) Represents the estimated tax effects arising from the Divestiture; adjustments include estimated taxes payable of \$3.2 million, calculated based on information available as of September 30, 2020, for the gain recognized on the Divestiture.
- (e) Reflects the estimated after-tax effect on accumulated deficit from the gain on the Divestiture. No adjustment has been made for any potential post-closing adjustments or potential earnouts (up to \$22.5 million) since they are contingent based upon the achievement of certain future ALG revenue metrics in 2020 and 2022.
- (f) Represents the estimated income tax impact of the pro forma adjustments. The tax effect of the pro forma adjustments was calculated using the historical statutory rates in effect for the periods presented.