

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

PROSOMNUS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-10972 (JTD)

(Jointly Administered)

Re: Docket Nos. 225, 229

**AD HOC CROSSOVER GROUP'S STATEMENT IN SUPPORT OF DEBTORS'
MEMORANDUM OF LAW IN SUPPORT OF
SECOND AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF
PROSOMNUS, INC. AND ITS DEBTOR AFFILIATES**

The Ad Hoc Crossover Group of Convertible Noteholders (the "Ad Hoc Crossover Group") of ProSomnus, Inc. (together with its affiliated debtors and debtors-in-possession, the "Debtors"), by and through its undersigned counsel, submits this statement in support of confirmation of the Plan and joins in the *Debtors' Memorandum of Law in Support of Second Amended Joint Chapter 11 Plan of Reorganization of ProSomnus, Inc. and its Debtor Affiliates* [Docket No. 229] (the "Confirmation Brief").² In support of the Confirmation Brief, the Ad Hoc Crossover Group respectfully states as follows:

STATEMENT

1. The Ad Hoc Crossover Group, the members of which hold (i) 100% of the issued and outstanding Senior Secured Convertible Notes, (ii) 100% of the issued and outstanding Senior Secured Convertible Exchange Notes, (iii) 95% of the issued and outstanding Subordinated Secured Convertible Notes, (iv) 100% of the issued and outstanding Subordinated Secured

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: ProSomnus, Inc. (8216), ProSomnus Holdings, Inc. (3855), and ProSomnus Sleep Technologies, Inc. (0766). The location of the Debtors' principal place of business and the Debtors' mailing address is 5675 Gibraltar Dr., Pleasanton, California 94588.

² Capitalized terms used but not defined herein shall have the meanings set forth in the Confirmation Brief.



Convertible Exchange Notes, and (v) 100% of the Bridge Notes, fully supports confirmation of the Plan. The Plan deleverages the Debtors' balance sheet, unimpairs all General Unsecured Claims, infuses \$9 million of equity exit financing, and positions the Reorganized Debtors for future success. *As a result, the Plan has been accepted by all creditors entitled to vote. Furthermore, the only objection to the Plan (from the U.S. Trustee) has been resolved.*

2. Based on the foregoing, and as more fully set forth in the Confirmation Brief, the Plan satisfies all plan confirmation requirements under section 1129 of the Bankruptcy Code. Further, the Plan is consistent with the Restructuring Support Agreement entered into by the Debtors and the Supporting Noteholders and is unquestionably in the best interests of the Debtors, their estates, and all stakeholders. Accordingly, the Plan should be confirmed.

RESERVATION OF RIGHTS

3. The Ad Hoc Crossover Group expressly reserves, and does not waive, its right to supplement, amend, and/or modify this statement on any additional grounds that governing law permits and to raise additional arguments at the Confirmation Hearing.

CONCLUSION

WHEREFORE, for the reasons set forth herein and in the Confirmation Brief, the Ad Hoc Crossover Group respectfully requests that the Court confirm the Plan.

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Dated: July 26, 2024

MORRIS JAMES LLP

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Convertible Noteholders of ProSomnus, Inc.*

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CERTIFICATE OF SERVICE

I hereby certify that on this 26th day of July, I caused to be filed with the Court electronically, and I caused to be served a true and correct copy of the *Ad Hoc Crossover Group's Statement in Support of Debtors' Memorandum of Law in Support of Second Amended Joint Chapter 11 Plan of Reorganization of ProSomnus, Inc. and its Debtor Affiliates* upon the parties that are registered to receive notice via the Court's CM/ECF notification system and an additional service was completed via electronic mail on the parties listed on the attached service list.

/s/ Brya M. Keilson

Brya M. Keilson (DE Bar No. 4643)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: ProSomnus, Inc. (8216), ProSomnus Holdings, Inc. (3855), and ProSomnus Sleep Technologies, Inc. (0766). The location of the Debtors' principal place of business and the Debtors' mailing address is 5675 Gibraltar Dr., Pleasanton, California 94588.

| Description | CreditorName | CreditorNoticeName | Address1 | Address2 | Address3 | City | State | Zip | Country | Email |
|--|--|--|-------------------------------------|-----------------------------|----------------------------|----------------|-------|------------|---------|--|
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