# Vroom Announces First Quarter 2024 Results

May 10, 2024

***Successfully Completed UACC Securitization Transaction in April 2024***
***Continued Progress on UACC Origination Performance***

NEW YORK--(BUSINESS WIRE)--May 10, 2024-- Vroom, Inc. (Nasdaq:VRM) today announced financial results for the first quarter ended March 31, 2024.

**HIGHLIGHTS OF FIRST QUARTER 2024**

- $91.0 million cash and cash equivalents as of March 31, 2024
- $(44.7) million net loss from continuing operations
- $(32.2) million Adjusted EBITDA
- Substantially completed the ecommerce wind-down
- Adopted new reporting segments to align with continuing operations at United Auto Credit (UACC) and CarStory

Tom Shortt, the Company's Chief Executive Officer, said "As we previously announced, our ecommerce wind-down was substantially completed during the first quarter of 2024. I am extremely proud of our team's timely and orderly execution of the wind-down and continued focus on strengthening UACC's operations. We have focused on portfolio performance at UACC and currently expect originations since early 2023 to perform at a level that enables UACC to drive toward profitability. We continue to take other actions to maximize stakeholder value by seeking to monetize our ecommerce platform and grow and enhance the profitability of UACC and CarStory."

Bob Krakowiak, Vroom's Chief Financial Officer, commented, "We ended the quarter with cash and cash equivalents of approximately $91 million. The cash burn was primarily a result of the ecommerce wind-down, as we paid severance and other personnel-related costs and incurred exit costs associated with early termination or modification of ecommerce contracts and leases. I am pleased with the completion of UACC's 2024-1 securitization transaction, in which $262.5 million of rated asset-backed securities were sold in April 2024, and $37.5 million of non-investment grade securities initially retained were subsequently sold in early May 2024."

**FIRST QUARTER 2024 FINANCIAL DISCUSSION**

All financial comparisons are on a year-over-year basis unless otherwise noted.

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2024 | 2023 | $ Change | % Change |
| Interest income | $ 51,077 | $ 34,368 | $ 16,709 | 48.6% |
| Interest expense: | | | | |
| Warehouse credit facility | 9,471 | 3,099 | 6,372 | 205.6% |
| Securitization debt | 4,869 | 4,345 | 524 | 12.1% |
| Total interest expense | 14,340 | 7,444 | 6,897 | 92.6% |
| Net interest income | 36,737 | 26,924 | 9,812 | 36.4% |
| Realized and unrealized losses, net of recoveries | 30,819 | 15,728 | 15,091 | 95.9% |
| Net interest income after losses and recoveries | 5,918 | 11,196 | (5,279) | (47.1)% |
| Noninterest (loss) income: | | | | |
| Servicing income | 2,019 | 2,854 | (835) | (29.3)% |
| Warranties and GAP income, net | (9,642) | 2,835 | (12,477) | (440.1)% |
| CarStory revenue | 2,979 | 3,170 | (191) | (6.0)% |
| Gain on debt extinguishment | — | 8,709 | (8,709) | (100.0)% |
| Other income | 2,784 | 3,032 | (248) | (8.2)% |
| Total noninterest (loss) income | (1,860) | 20,600 | (22,460) | (109.0)% |
| Expenses: | | | | |
| Compensation and benefits | 24,110 | 23,221 | 889 | 3.8% |
| Professional fees | 3,343 | 4,973 | (1,630) | (32.8)% |
| Software and IT costs | 4,622 | 5,246 | (624) | (11.9)% |
| Depreciation and amortization | 7,626 | 7,232 | 394 | 5.4% |
| Interest expense on corporate debt | 1,391 | 1,340 | 51 | 3.8% |

| | | | | |
|---|---|---|---|---|
| Impairment charges | 2,752 | — | 2,752 | 100.0% |
| Other expenses | 4,454 | 5,199 | (745) | (14.3)% |
| Total expenses | 48,298 | 47,211 | 1,087 | 2.3% |
| Loss from continuing operations before provision for income taxes | (44,240) | (15,415) | (28,825) | 187.0% |
| Provision for income taxes from continuing operations | 436 | 54 | 382 | 707.4% |
| Net loss from continuing operations | $ (44,676) | $ (15,469) | $ (29,207) | 188.8% |
| Net loss from discontinued operations | $ (22,941) | $ (59,272) | $ 36,331 | 61.3% |
| Net loss | $ (67,617) | $ (74,741) | $ 7,124 | 9.5% |

**Results by Segment**

***UACC***

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2024 | 2023 | Change | % Change |
| | (in thousands, except unit data and average days to sale) | | | |
| Interest income | $ 51,541 | $ 35,299 | $ 16,242 | 46.0% |
| Interest expense: | | | | |
| Warehouse credit facility | 9,471 | 3,099 | 6,372 | 205.6% |
| Securitization debt | 4,869 | 4,345 | 524 | 12.1% |
| Total interest expense | 14,340 | 7,444 | 6,896 | 92.6% |
| Net interest income | 37,201 | 27,855 | 9,346 | 33.6% |
| Realized and unrealized losses, net of recoveries | 27,761 | 12,272 | 15,489 | 126.2% |
| Net interest income after losses and recoveries | 9,439 | 15,582 | (6,143) | (39.4)% |
| Noninterest income: | | | | |
| Servicing income | 2,019 | 2,854 | (835) | (29.3)% |
| Warranties and GAP income, net | 1,610 | 2,203 | (593) | (26.9)% |
| Other income | 2,470 | 1,054 | 1,416 | 134.3% |
| Total noninterest income | 6,099 | 6,111 | (12) | (0.2)% |
| Expenses: | | | | |
| Compensation and benefits | 18,788 | 18,537 | 252 | 1.4% |
| Professional fees | 876 | 2,541 | (1,664) | (65.5)% |
| Software and IT costs | 3,097 | 2,705 | 392 | 14.5% |
| Depreciation and amortization | 6,021 | 5,627 | 394 | 7.0% |
| Interest expense on corporate debt | 471 | 197 | 274 | 139.1% |
| Impairment charges | 2,752 | — | 2,752 | 100.0% |
| Other expenses | 2,523 | 2,420 | 103 | 4.3% |
| Total expenses | 34,529 | 32,026 | 2,503 | 7.8% |
| Adjusted EBITDA | $ (10,147) | $ (4,467) | $ (5,680) | 127.1% |
| Interest income on cash and cash equivalents | $ (568) | $ (448) | (120) | 26.7% |
| Stock compensation expense | $ 168 | $ 490 | (322) | (65.8)% |

***CarStory***

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2024 | 2023 | Change | % Change |
| | (in thousands, except unit data and average days to sale) | | | |
| Noninterest income: | | | | |
| CarStory revenue | $ 2,979 | $ 3,170 | $ (191) | (6.0)% |

| | | | | |
|---|---|---|---|---|
| Other income | 173 | 48 | 125 | 260.4% |
| Total noninterest income | 3,152 | 3,218 | (66) | (2.1)% |
| | | | | |
| Expenses: | | | | |
| Compensation and benefits | 2,214 | 2,401 | (187) | (7.8)% |
| Professional fees | 122 | 177 | (55) | (31.1)% |
| Software and IT costs | 167 | 174 | (7) | (4.0)% |
| Depreciation and amortization | 1,605 | 1,605 | - | 0.0% |
| Other expenses | 118 | 149 | (31) | (20.8)% |
| Total expenses | 4,225 | 4,505 | (280) | (6.2)% |
| | | | | |
| Adjusted EBITDA | $ 559 | $ 567 | $ (8) | (1.4)% |
| | | | | |
| Interest income on cash and cash equivalents | $ (173) | $ (46) | (126) | 272.1% |
| Stock compensation expense | $ 200 | $ 296 | (95) | (32.3)% |

***Corporate***

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | **2024** | **2023** | **Change** | **% Change** |
| | **(in thousands, except unit data and average days to sale)** | | | |
| Interest income | $ (464) | $ (931) | $ 467 | 50.2% |
| | | | | |
| Realized and unrealized losses, net of recoveries | 3,058 | 3,456 | (398) | (11.5)% |
| Net interest income after losses and recoveries | (3,521) | (4,387) | 865 | 19.7% |
| | | | | |
| Noninterest (loss) income: | | | | |
| Warranties and GAP income, net | $ (11,252) | $ 632 | $ (11,884) | (1,880.4)% |
| Gain on debt extinguishment | — | 8,709 | (8,709) | (100.0)% |
| Other income | 141 | 1,930 | (1,789) | (92.7)% |
| Total noninterest (loss) income | (11,111) | 11,271 | (22,382) | (198.6)% |
| | | | | |
| Expenses: | | | | |
| Compensation and benefits | 3,109 | 2,284 | 824 | 36.1% |
| Professional fees | 2,345 | 2,256 | 89 | 3.9% |
| Software and IT costs | 1,358 | 2,366 | (1,009) | (42.6)% |
| Interest expense on corporate debt | 920 | 1,143 | (223) | (19.5)% |
| Other expenses | 1,813 | 2,631 | (819) | (31.1)% |
| Total expenses | 9,544 | 10,681 | (1,137) | (10.6)% |
| | | | | |
| Adjusted EBITDA | $ (22,564) | $ (12,398) | $ (10,166) | 82.0% |
| | | | | |
| Interest income on cash and cash equivalents | $ (264) | $ (1,930) | 1,666 | 86.3% |
| Stock compensation expense | $ 956 | $ 894 | 63 | 7.0% |

**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, gain on debt extinguishment and long-lived asset impairment charges.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| | (in thousands) | |
| Net loss from continuing operations | $ (44,676) | $ (15,469) |
| Adjusted to exclude the following: | | |
| Interest expense on corporate debt | 1,391 | 1,340 |
| Interest income on cash and cash equivalents | (1,005) | (2,425) |
| Provision for income taxes | 436 | 54 |
| Depreciation and amortization | 7,626 | 7,232 |
| EBITDA | $ (36,228) | $ (9,268) |
| Stock compensation expense | 1,324 | 1,679 |
| Gain on debt extinguishment | — | (8,709) |
| Impairment charges | 2,752 | — |
| Adjusted EBITDA | $ (32,152) | $ (16,298) |

**About Vroom (Nasdaq: VRM)**

Vroom owns and operates United Auto Credit Corporation (UACC), a leading indirect automotive lender serving the independent and franchise dealer market nationwide, and CarStory, a leader in AI-powered analytics and digital services for automotive retail. During fiscal 2023, Vroom also operated an end-to-end ecommerce platform to buy and sell used vehicles. Pursuant to its previously announced Value Maximization Plan, Vroom discontinued its ecommerce operations and used vehicle dealership business.

**Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding the potential impacts of the execution of and the expected benefits and cost-savings, if any, from our Value Maximization Plan, including the completion of the wind-down of the ecommerce business, our expectations regarding United Auto Credit Corporation and CarStory, the impact from the UACC's 2024-1 securitization transaction, and future results of operations and financial position, including our liquidity outlook for 2024. These statements are based on management's current assumptions and are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. For factors that could cause actual results to differ materially from the forward-looking statements in this press release, please see the risks and uncertainties identified under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, as updated by our Quarterly report on Form 10-Q for the quarter ended March 31, 2023, which is available on our Investor Relations website at ir.vroom.com and on the SEC website at www.sec.gov. All forward-looking statements reflect our beliefs and assumptions only as of the date of this press release. We undertake no obligation to update forward-looking statements to reflect future events or circumstances.

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

| | As of March 31, 2024 | As of December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 90,990 | $ 135,585 |
| Restricted cash (including restricted cash of consolidated VIEs of $48.1 million and $49.1 million, respectively) | 49,516 | 73,234 |
| Finance receivables at fair value (including finance receivables of consolidated VIEs of $381.3 million and $341.4 million, respectively) | 421,279 | 348,670 |
| Finance receivables held for sale, net (including finance receivables of consolidated VIEs of $450.0 million and $457.2 million, respectively) | 454,189 | 503,546 |
| Interest receivable (including interest receivables of consolidated VIEs of $13.4 million and $13.7 million, respectively) | 14,142 | 14,484 |
| Property and equipment, net | 2,414 | 4,982 |
| Intangible assets, net | 125,136 | 131,892 |

| | | |
|---|---|---|
| Operating lease right-of-use assets | 6,751 | 7,063 |
| Other assets (including other assets of consolidated VIEs of $11.4 million and $13.3 million, respectively) | 39,708 | 59,429 |
| Assets from discontinued operations | 18,142 | 196,537 |
| Total assets | $ 1,222,267 | $ 1,475,422 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Warehouse credit facilities of consolidated VIEs | $ 516,276 | $ 421,268 |
| Long-term debt (including securitization debt of consolidated VIEs of $238.0 million and $314.1 million at fair value, respectively) | 548,142 | 626,583 |
| Operating lease liabilities | 9,809 | 10,459 |
| Other liabilities (including other liabilities of consolidated VIEs of $16.0 million and $14.3 million, respectively) | 61,260 | 61,321 |
| Liabilities from discontinued operations | 25,293 | 228,120 |
| Total liabilities | 1,160,780 | 1,347,751 |
| Commitments and contingencies (Note 11) | | |
| Stockholders' equity: | | |
| Common stock, $0.001 par value; 500,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 1,795,626 and 1,791,286 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | 2 | 2 |
| Additional paid-in-capital | 2,089,814 | 2,088,381 |
| Accumulated deficit | (2,028,329) | (1,960,712) |
| Total stockholders' equity | 61,487 | 127,671 |
| Total liabilities and stockholders' equity | $ 1,222,267 | $ 1,475,422 |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | **2024** | **2023** |
| Interest income | $ 51,077 | $ 34,368 |
| Interest expense: | | |
| Warehouse credit facility | 9,471 | 3,099 |
| Securitization debt | 4,869 | 4,345 |
| Total interest expense | 14,340 | 7,444 |
| Net interest income | 36,737 | 26,924 |
| Realized and unrealized losses, net of recoveries | 30,819 | 15,728 |
| Net interest income after losses and recoveries | 5,918 | 11,196 |
| Noninterest (loss) income: | | |
| Servicing income | 2,019 | 2,854 |
| Warranties and GAP income, net | (9,642) | 2,835 |
| CarStory revenue | 2,979 | 3,170 |
| Gain on debt extinguishment | — | 8,709 |
| Other income | 2,784 | 3,032 |
| Total noninterest (loss) income | (1,860) | 20,600 |
| Expenses: | | |
| Compensation and benefits | 24,110 | 23,221 |
| Professional fees | 3,343 | 4,973 |
| Software and IT costs | 4,622 | 5,246 |
| Depreciation and amortization | 7,626 | 7,232 |
| Interest expense on corporate debt | 1,391 | 1,340 |
| Impairment charges | 2,752 | — |
| Other expenses | 4,454 | 5,199 |

| | | |
|---|---|---|
| Total expenses | 48,298 | 47,211 |
| Loss from continuing operations before provision for income taxes | (44,240) | (15,415) |
| Provision for income taxes from continuing operations | 436 | 54 |
| Net loss from continuing operations | $ (44,676) | $ (15,469) |
| Net loss from discontinued operations | $ (22,941) | $ (59,272) |
| Net loss | $ (67,617) | $ (74,741) |
| Net loss per share attributable to common stockholders, continuing operations | $ (24.90) | $ (8.93) |
| Net loss per share attributable to common stockholders, discontinued operations | $ (12.79) | $ (34.23) |
| Total net loss per share attributable to common stockholders, basic and diluted | $ (37.68) | $ (43.16) |
| Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted | 1,794,303 | 1,731,636 |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | **2024** | **2023** |
| **Operating activities** | | |
| Net loss from continuing operations | $ (44,676) | $ (15,469) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Impairment charges | 2,752 | — |
| Profit share receivable | 9,642 | — |
| Gain on debt extinguishment | — | (8,709) |
| Depreciation and amortization | 7,626 | 7,224 |
| Amortization of debt issuance costs | 843 | 802 |
| Losses on finance receivables and securitization debt, net | 40,163 | 16,603 |
| Stock-based compensation expense | 1,324 | 1,679 |
| Provision to record finance receivables held for sale at lower of cost or fair value | 306 | (1,251) |
| Amortization of unearned discounts on finance receivables at fair value | (4,792) | (5,320) |
| Other, net | (1,921) | (3,256) |
| Changes in operating assets and liabilities: | | |
| *Finance receivables, held for sale* | | |
| Originations of finance receivables held for sale | (130,404) | (143,174) |
| Principal payments received on finance receivables held for sale | 40,387 | 20,731 |
| Other | 404 | 1,850 |
| Interest receivable | 342 | (3,737) |
| Other assets | 3,022 | 7,069 |
| Other liabilities | (61) | (6,740) |
| Net cash used in operating activities from continuing operations | (75,043) | (131,698) |
| Net cash provided by operating activities from discontinued operations | 98,167 | 46,677 |
| Net cash provided by (used in) operating activities | 23,124 | (85,021) |
| **Investing activities** | | |
| *Finance receivables at fair value* | | |
| Originations of finance receivables at fair value | — | (3,392) |
| Principal payments received on finance receivables at fair value | 35,195 | 41,850 |
| Consolidation of VIEs | — | 11,409 |
| Principal payments received on beneficial interests | 773 | 2,144 |
| Purchase of property and equipment | (644) | (814) |
| Net cash provided by investing activities from continuing operations | 35,324 | 51,197 |
| Net cash provided by (used in) investing activities from discontinued operations | 5,747 | (4,379) |
| Net cash provided by investing activities | 41,071 | 46,818 |
| **Financing activities** | | |
| Proceeds from borrowings under secured financing agreements | — | 238,735 |
| Principal repayment under secured financing agreements | (73,647) | (42,784) |

| | | |
|---|---|---|
| Principal repayments of financing of beneficial interests in securitizations | (2,651) | — |
| Proceeds from warehouse credit facilities | 125,100 | 135,900 |
| Repayments of warehouse credit facilities | (30,092) | (241,351) |
| Repurchases of convertible senior notes | — | (5,883) |
| Other financing activities | (40) | (156) |
| Net cash provided by financing activities from continuing operations | 18,670 | 84,461 |
| Net cash used in financing activities from discontinued operations | (151,178) | (129,560) |
| Net cash used in financing activities | (132,508) | (45,099) |
| **Net decrease in cash, cash equivalents and restricted cash** | (68,313) | (83,302) |
| Cash, cash equivalents and restricted cash at the beginning of period | 208,819 | 472,010 |
| **Cash, cash equivalents and restricted cash at the end of period** | $ 140,506 | $ 388,708 |

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

| | | |
|---|---|---|
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | $ 13,497 | $ 6,347 |
| **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 |

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