As filed with the Securities and Exchange Commission on May 18, 2020

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VROOM, INC.
(Exact name of registrant as specified in its charter)

Delaware	**5500**	**901112566**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

1375 Broadway, Floor 11
New York, New York 10018
Telephone: (631) 760-1215
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Paul J. Hennessy
Chief Executive Officer
Vroom, Inc.
1375 Broadway, Floor 11
New York, New York 10018
Telephone: (631) 760-1215
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Marc D. Jaffe, Esq. **Ian D. Schuman, Esq.** **Courtenay Myers Lima, Esq.** **Latham & Watkins LLP** **885 Third Avenue** **New York, New York 10022** **Telephone: (212) 906-1200** **Fax: (212) 751-4864**	**Patricia Moran, Esq.** **Chief Legal Officer** **Vroom, Inc.** **1375 Broadway, Floor 11** **New York, New York 10018** **Telephone: (631) 760-1215**	**Gregory A. Fernicola, Esq.** **Ryan J. Dzierniejko, Esq.** **Skadden, Arps, Slate, Meagher & Flom LLP** **One Manhattan West** **New York, New York 10001** **Telephone: (212) 735-3000** **Fax: (212) 735-2000**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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	☐	**Accelerated filer**	☐
Non-accelerated filer	☒	**Smaller reporting company**	☐
		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 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Proposed maximum aggregate offering price(1)(2)**	**Amount of registration fee**
Common stock, par value $0.001 per share	$100,000,000	$12,980

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the offering price of shares of common stock that may be sold if the over-allotment option to purchase additional shares of common stock granted by the Registrant to the underwriters is exercised. See "Underwriting."

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated May 18, 2020

Shares

Vroom, Inc.

Common Stock

This is an initial public offering of shares of common stock of Vroom, Inc. We are offering shares of our common stock.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price per share will be between $ and $. We intend to apply to list our common stock on The Nasdaq Global Market under the symbol "VRM."

We will be treated as an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, for certain purposes until we complete this offering. As such, in this registration statement, we have taken advantage of certain reduced disclosure obligations that apply to emerging growth companies regarding selected financial data and executive compensation arrangements. See "Prospectus Summary—Implications of Being Treated As an Emerging Growth Company."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 16 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount(1)	$	$
Proceeds to us, before expenses	$	$

(1) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See "Underwriting."

To the extent the underwriters sell more than shares, the underwriters have an over-allotment option to purchase up to an additional shares from us at the initial public offering price, less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2020.

Goldman Sachs & Co. LLC **BofA Securities** **Allen & Company LLC** **Wells Fargo Securities**

Stifel **William Blair** **Baird** **JMP Securities** **Wedbush Securities**

Prospectus dated , 2020.

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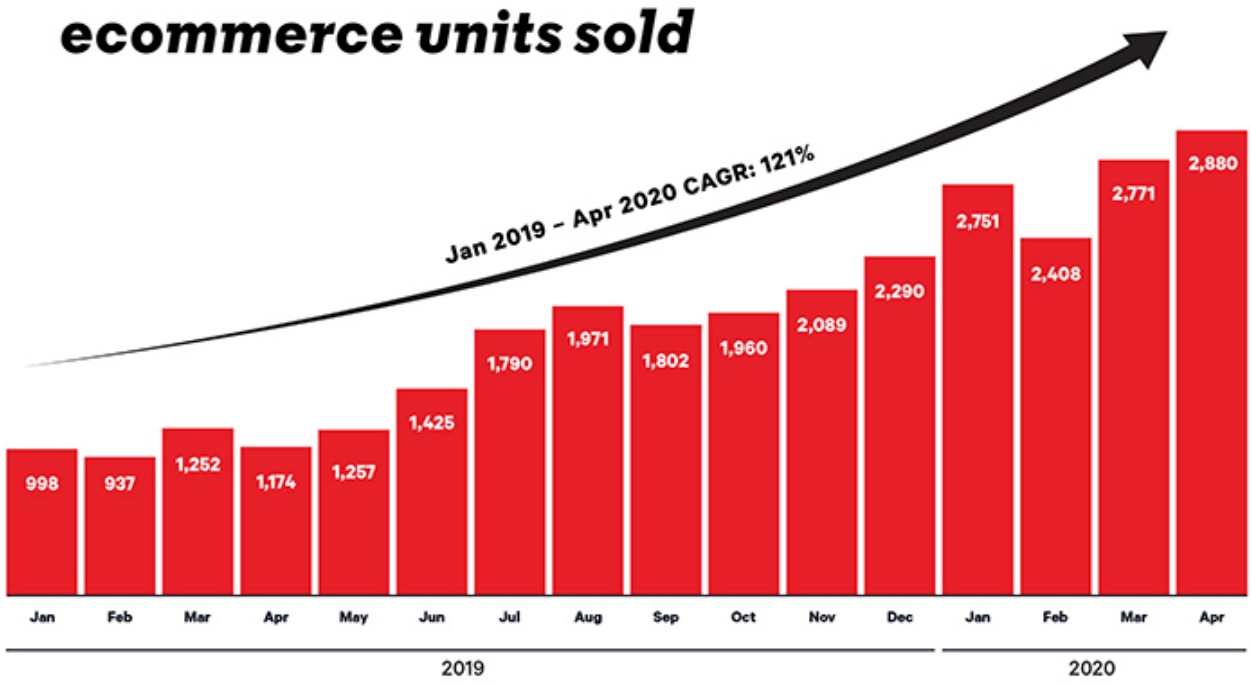
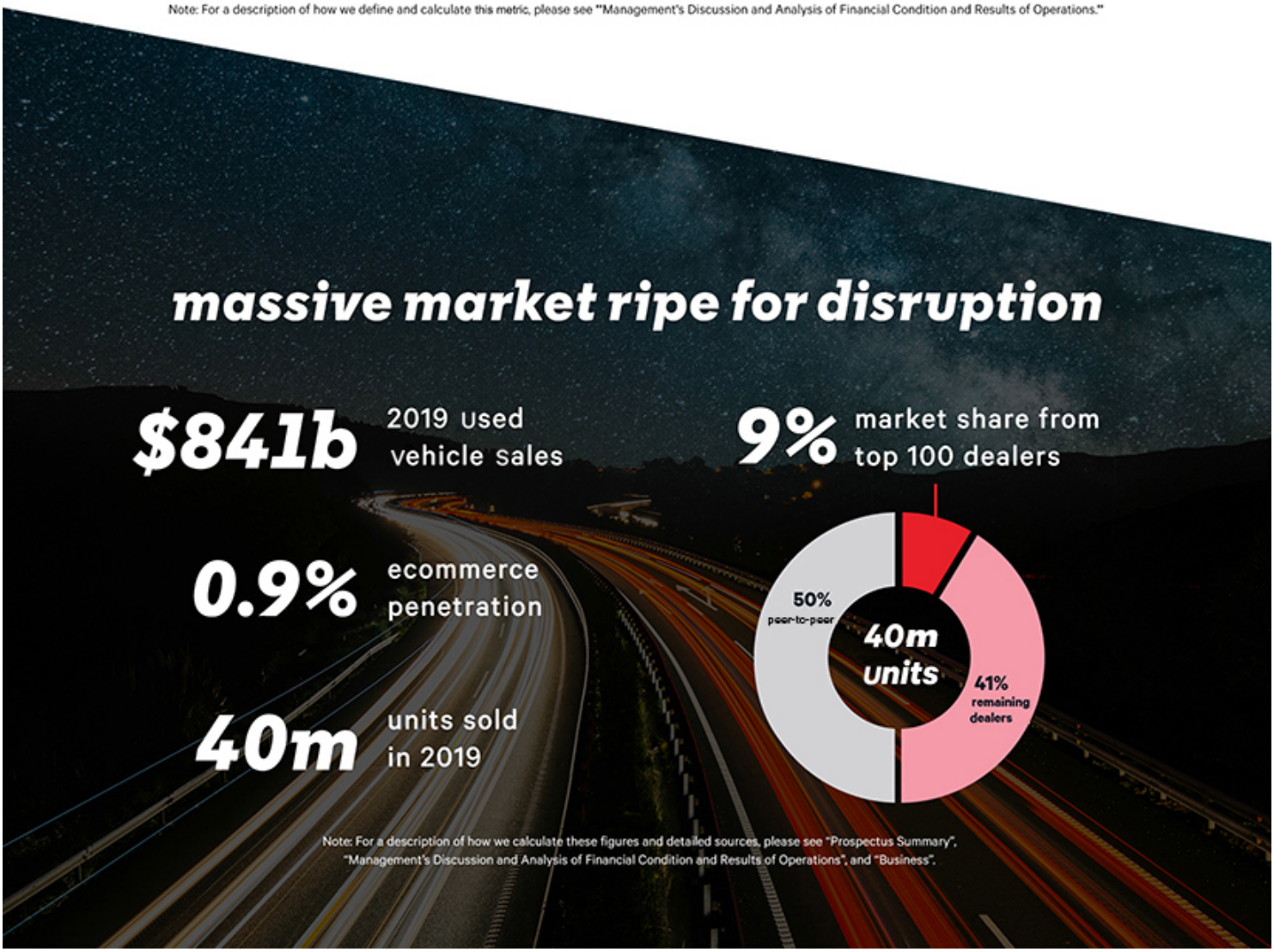
Note: For a description of how we define and calculate these metrics, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations." These figures do not necessarily correlate to revenue as some average monthly visitors do not generate revenue and vehicles available for sale have not yet generated revenue.



Note: For a description of how we define and calculate this metric, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations."



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ecommerce

personalized

intuitive interface

nationwide delivery

vehicle operations

scalable

integrated

asset-light

data science & experimentation

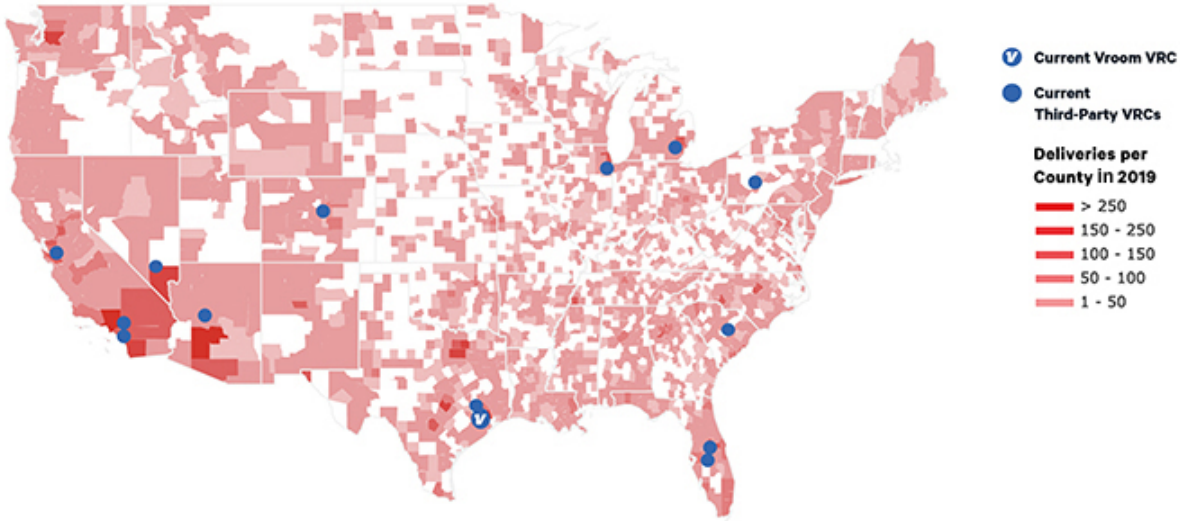
fine-tuned supply

operating leverage

drives optimization

scalable and flexible model

distributed reconditioning & nationwide deliveries



Note: VRC Locations as of April 30, 2020.

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Through and including , 2020 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

We and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any related free writing prospectuses. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered by this prospectus, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or in any applicable free writing prospectus is current only as of its date. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: We have not, and the underwriters have not, done anything that would permit this offering or the possession or distribution of this prospectus or any free writing prospectus in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the United States. See "Underwriting."

As used in this prospectus, unless the context otherwise requires, references to "we," "us," "our," "our business," the "company," "Vroom" and similar references refer to Vroom, Inc. and, where appropriate, its consolidated subsidiaries.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our common stock. You should read the entire prospectus carefully, including the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and our consolidated financial statements and the related notes included elsewhere in this prospectus before making an investment decision.

Our Vision

Build the world's premier platform to research, discover, buy and sell vehicles.

Our Company

Vroom is an innovative, end-to-end ecommerce platform that is transforming the used vehicle industry by offering a better way to buy and a better way to sell used vehicles. We are deeply committed to creating an exceptional experience for our customers.

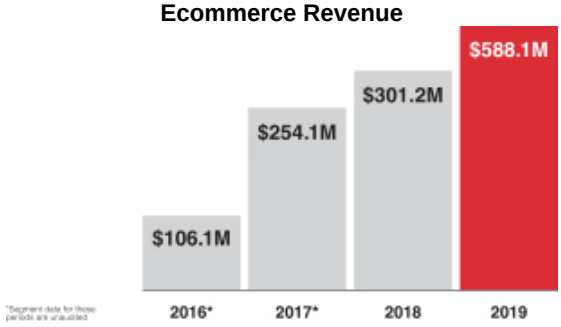
We are driving enduring change in the industry on a national scale. We take a vertically integrated, asset-light approach that is reinventing all phases of the vehicle buying and selling process, from discovery to delivery and everything in between. Our platform encompasses:

- **Ecommerce:** We offer an exceptional ecommerce experience for our customers. In contrast to legacy dealerships and the peer-to-peer market, we provide consumers with a personalized and intuitive ecommerce interface to research and select from thousands of fully reconditioned vehicles. Our platform is accessible at any time on any device and provides transparent pricing, real-time financing and nationwide contact-free delivery right to a buyer's driveway. For consumers looking to sell or trade in their vehicles, we provide attractive market-based pricing, real-time, guaranteed purchase offers and convenient, contact-free at-home vehicle pick-up.
- **Vehicle Operations:** Our scalable and vertically integrated operations underpin our business model. We strategically source inventory from auctions, consumers, rental car companies and dealers. We improve our ability to acquire high-demand vehicles through enhanced supply science across all our sourcing channels and we are expanding our national marketing efforts to drive consumer sourcing. In our reconditioning and logistics operations, we deploy an asset-light strategy that optimizes a combination of ownership and operation of assets by us with strategic third-party partnerships. This hybrid approach provides flexibility, agility and speed without taking on unnecessary risk and capital investment, and drives improved unit economics and operating leverage.
- **Data Science and Experimentation:** Data science and experimentation are at the core of everything we do. We rely on data science, machine learning and A/B and multivariate testing to continually drive optimization and operating leverage across our ecommerce and vehicle operations. We leverage data to increase the effectiveness of our national brand and performance marketing, enhance the customer experience, analyze market dynamics at scale, calibrate our vehicle pricing and optimize our overall inventory sales velocity. On the operations side, data science and experimentation enables us to fine tune our supply, sourcing and logistics models and to streamline our reconditioning processes.

The U.S. used automotive market is the largest consumer product category, generating approximately $841 billion from sales of approximately 40 million units in 2019.[1] The industry is highly fragmented with over 42,000 dealers and millions of peer-to-peer transactions.[2] It also is ripe for disruption as an industry that is notorious for consumer dissatisfaction and has one of the lowest levels of ecommerce penetration at only 0.9%.[3] Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030. Our platform, coupled with our national presence and brand, provides a significant competitive advantage versus local dealerships and regional players that lack nationwide reach and scalable technology, operations and logistics. The traditional auto dealers and peer-to-peer market do not and cannot offer consumers what we offer.

In December 2015, we acquired Houston-based Texas Direct Auto® ("TDA"), which included our proprietary vehicle reconditioning center ("Vroom VRC"), our sole physical retail location and our Sell Us Your Car® centers. From the launch of our combined operations in January 2016, our business has grown significantly as we have scaled our operations, developed our ecommerce platform and leveraged the network effects inherent in our model. Our ecommerce revenue grew at a 77.0% compound annual growth rate ("CAGR") from 2016 to 2019, including year-over-year growth of 95.3% from 2018 to 2019.

Ecommerce Revenue



For the year ended December 31, 2019, we generated $1.2 billion in total revenue, representing a 39.3% increase over $855.4 million for the year ended December 31, 2018. For the three months ended March 31, 2020, we generated $375.8 million in total revenue, representing a 59.9% increase over $235.1 million for the three months ended March 31, 2019. Our business generated a net loss of $85.2 million, $143.0 million, $27.1 million and $41.1 million for the years ended December 31, 2018 and 2019 and for the three months ended March 31, 2019 and 2020, respectively. We intend to continue to invest in growth to scale our company responsibly and drive towards profitability.

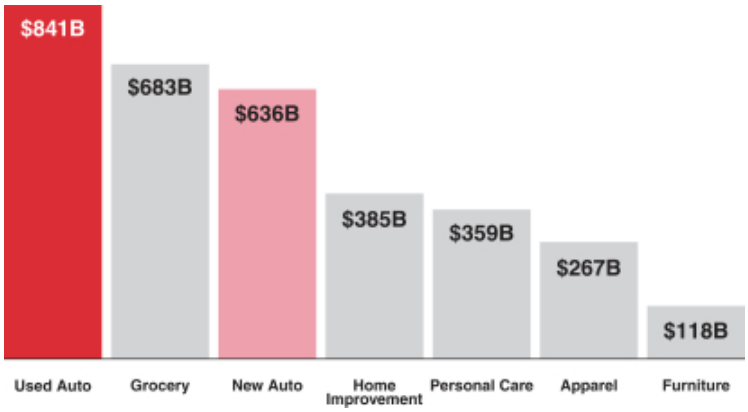
Our Industry and Market Opportunity

The U.S. used automotive industry is a massive market that is ripe for disruption due to its fragmentation, high level of consumer dissatisfaction, changing consumer buying patterns and lack of ecommerce and technology penetration.

- **The U.S. Used Automotive Market is Massive.** The U.S. used automotive market is the largest consumer product category, generating approximately $841 billion from sales of approximately 40 million units in 2019.

1 Used automotive industry market size is calculated from 2019 total units sold and 2019 average selling price according to Edmunds, Used Vehicle Report 2019, April 2020 ("Edmunds 2019 Report").
2 Borrell Associates, 2020 Automotive Advertising Outlook, March 2020 ("Borrell Automotive Outlook").
3 Ecommerce penetration calculated from 2018 total units sold according to Edmunds, Used Vehicle Outlook 2019, March 2019 ("Edmunds 2019 Outlook") and 2018 total ecommerce units sold according to Digital Commerce 360, 2019 Automotive Ecommerce Report, November 2019 ("Digital Commerce 360 Report").

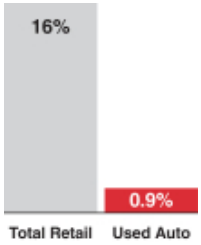
Industry Market Size[4]



- **The U.S. Used Automotive Market is Highly Fragmented.** There are over 42,000 automotive dealers and millions of peer-to-peer transactions across the country. Across all used vehicle sales in 2018, the largest U.S. used vehicle dealer had a market-share of only 1.8%, with the top 100 used vehicle dealers collectively representing a market share of only 8.6%.[5]
- **The Primary Competitors in the U.S. Used Automotive Market Rely on an Outdated Business Model.** The traditional dealership model involves limited selection, lack of transparency, high pressure sales tactics and inconvenient hours. The peer-to-peer market comes with its own set of challenges, entailing home visits by strangers, lack of secure payment methods or identity checks, difficulty researching available vehicles and lack of verified vehicle condition. Presented with these alternatives, the overwhelming majority of consumers are dissatisfied with the current automotive buying and selling experience. According to a 2019 Gallup survey, vehicle salespersons consistently rank as one of the least trusted professions, with only 9% of respondents reporting trust in that profession.[6] Furthermore, in another survey, 81% of respondents reported dissatisfaction in the car buying process.[7]
- **Ecommerce Penetration in the U.S. Used Automotive Market is Just Beginning.** The used automotive market has one of the lowest ecommerce penetration levels, representing only a 0.9% share of all used automotive sales in 2018. Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030, representing significant upside as compared to the ecommerce penetration of other consumer product categories. Furthermore, while it is too soon to measure the long-term impact of the COVID-19 pandemic on consumer behavior, in a survey conducted after the onset of the COVID-19 pandemic, consumers expressed a stronger preference for transacting online rather than offline.[8]

4 See footnote 1 for used automotive industry market size calculation. Market size of remaining industries according to U.S. Census Monthly Retail Sales, 2019. New auto market calculated from 2019 total units sold and average selling price according to Edmunds, Automotive Industry Trends, Jan. 2020.
5 Market share calculated from 2018 units sold by largest and top 100 used vehicle retailers, respectively, according to Automotive News, April 2019 (“Automotive News 2019”) and 2018 total units sold according to Edmunds 2019 Outlook.
6 Gallup, Americans’ Ratings of the Honesty and Ethical Standards of Professions, 2019.
7 Dealersocket Independent Dealership Action Report, 2016.
8 Capgemini Research Institute, The Consumer and COVID-19, April 2020.

Ecommerce Penetration[9]



- **Consumers Increasingly Desire Convenience and Customization through Ecommerce.** The U.S. retail used automotive market is experiencing shifting consumer buying patterns from in-store towards online purchases. In particular, mobile commerce is poised for even faster growth than broader ecommerce.
- **Used is the new "New."** Consumers are becoming increasingly willing to buy used goods. In 2019, 64% of vehicle shoppers considered buying a used vehicle before making a purchase decision, up from 61% in 2018.[10] At the same time, the average price differential between new and three-year-old used vehicles grew from $11,000 in 2015 to nearly $14,000 per vehicle in 2018.[11] As a result, owning or leasing a new vehicle has become increasingly unaffordable.
- **The U.S. Used Automotive Market is Growing and Resilient.** American consumers continue to exhibit entrenched vehicle ownership trends with approximately 284 million registered vehicles on the road in 2019, as compared to 279 million in 2018.[12] Further, approximately 91.5% of families in the United States had at least one vehicle in 2018.[13] In addition to increasing consumer demand, the used vehicle industry has shown resilience through recessionary markets and other challenging economic cycles. While the average new vehicle gross profit margin fell from 6.9% in 2007 to 6.7% in 2009, used vehicle gross profit margins (including wholesale and retail) increased from 8.9% in 2007 to 9.4% in 2009.[14] While it is too soon to know how the used vehicle industry will perform once the COVID-19 pandemic has subsided, we believe the industry will continue to show resilience and that our model is well suited to fulfill consumer demand for ecommerce vehicle transactions and convenient, contact-free delivery.

In light of the fragmentation, consumer dissatisfaction and lack of ecommerce penetration of the used vehicle industry, there is room for multiple participants to disrupt the traditional dealership model and peer-to-peer market by offering ecommerce solutions that leverage technology and data analytics to achieve superior operational efficiency and exceptional customer experience.

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9 See footnote 3 for used automotive ecommerce penetration. Ecommerce penetration for 2019 total retail units sold according to Digital Commerce 360 Report as of February 2020.
10 Cox Automotive, Car Buyer Journey 2019, June 2019 ("Cox 2019 Report").
11 Edmunds 2019 Outlook.
12 Hedges and Company.
13 U.S. Census Selected Housing Characteristics.
14 Publicly available filings. Change in gross margin calculated based on selected auto dealer public company comparables' change in average gross margin from fiscal year 2007 to fiscal year 2009. Used vehicle metrics include wholesale and retail used vehicle sales.

What We Do: Offer a Better Way

We are driving a better way to buy and a better way to sell used vehicles and bringing about enduring change in the industry. Our platform brings together all phases of the vehicle buying and selling process in a seamless, intuitive and convenient way. We create a climate of trust and provide an exceptional experience with complete transparency by eliminating friction and sales pressure. The traditional auto dealers and peer-to-peer market do not and cannot offer consumers what we offer. We offer a better way.

A Better Way to Buy

For consumers looking to buy a used vehicle, we offer a value proposition that differs markedly from traditional auto dealers and the peer-to-peer market. We are dedicated to helping customers evolve from wary shoppers to confident owners by streamlining the entire buying process, from discovery through financing to delivery, by offering the following:

- Enormous inventory selection
- High-quality, Vroom-reconditioned vehicles
- Comprehensive and transparent vehicle information
- Customized vehicle search and discovery
- Competitive, market-based pricing
- Exceptional customer support
- On-demand shopping and convenient, contact-free delivery
- Value-added products
- Vroom 7-Day Return Policy

A Better Way to Sell

We are revolutionizing the process for consumers to sell or trade-in their vehicles. Consumers typically encounter either low-ball prices from their local dealer or face the prospect of advertising and selling the vehicle themselves in a time-consuming process through the peer-to-peer market. In contrast, we offer consumers the following:

- Easy online process for submitting basic vehicle information
- On-demand appraisals
- A guaranteed, real-time price on every vehicle
- No high-pressure sales tactics
- Convenient, contact-free at-home vehicle pick-ups
- Hassle-free loan pay-offs

Our Competitive Strengths

- **A Leading Ecommerce Platform for Used Vehicles.** We offer an end-to-end, ecommerce platform to research, discover, buy, sell, transport, recondition, price, finance, register and deliver vehicles nationwide.

- **Asset-Light, Scalable Operations.** Our focus on ecommerce allows us to grow without the need for capital investment in physical retail locations. We employ a hybrid approach across our business combining ownership and operation of assets by us, with strategic third-party partnerships. Our strategy provides flexibility, agility and speed as we scale our business, without taking on the unnecessary risk and capital investment inherent in direct investment.
- **Relentless Focus on Data Science.** Data science is at the core of everything we do. Our proprietary technology, machine learning and data analytics models continuously optimize our marketing investments and conversion funnel, fine-tune our supply, sourcing and logistics models, calibrate our vehicle pricing, streamline our reconditioning processes and optimize our overall inventory sales velocity.
- **Continuous Experimentation and Innovation at Scale.** We strive to make key decisions based on data and testing. We continuously experiment using A/B and multivariate testing methodologies to drive conversion, innovation and improved unit economics.
- **National Market Penetration and Brand.** Our national presence provides a significant competitive advantage versus local dealerships and regional players that lack scalable technology, operations and logistics and are unable to take advantage of the efficiencies and lower costs of national brand advertising.
- **Difficult to Replicate Business Model.** Our platform overcomes the unique operational and technological challenges associated with buying and selling used vehicles in an ecommerce channel. Any new entrant would require data-driven automotive expertise, ecommerce capabilities and scalable operations integrated in a single platform.
- **Seasoned Leadership Team and an Exceptional Culture.** Our leadership team is comprised of seasoned executives with a demonstrated track record of scaling businesses and achieving profitable growth, while preserving a unique culture that prioritizes commitment to our values.

Our Growth Strategies and Path to Profitability

The core elements of our platform—ecommerce, vehicle operations, and data science and experimentation—serve as the foundation of our growth strategies and path to profitability.

Drive Growth

Our business has grown significantly as we have scaled our operations. Our growth is not attributable to a single innovation or breakthrough, but to coalescence around multiple strategies that serve as points on our flywheel. The diversity and number of vehicles in our inventory drive demand and support expanded national marketing to enable us to acquire new customers more cost effectively, allowing us to invest back into our platform to continue to improve the customer experience, all of which drives increased conversion. This flywheel revolves, builds momentum and ultimately propels our business forward as we seek to drive disciplined growth and operating leverage.

Growth Flywheel

- **Grow and Optimize Vehicle Inventory.** We use data analytics to inform our pricing and inventory selection, which enables us to curate an optimal inventory that matches demand signals, driving higher conversion and sales. As we grow, we will continuously refine our inventory mix and expand our offerings across vehicle price points to serve a greater range of customers and increase our demand and conversion opportunities.
- **Expand Marketing and Maximize ROI.** The strength of our brand and effectiveness of our advertising programs is critical to our ability to attract new customers cost effectively. Leveraging our advanced data analytics, we will continue to invest in national marketing campaigns and targeted performance marketing to identify, attract and convert new customers at lower cost. We also run sophisticated digital marketing across various vehicle listing sites, constantly monitoring performance and maximizing ROI with limited reliance on any one platform. Additionally, to date we have used search aggregators and social media platforms for advertising on a very limited basis, and we continuously seek new cost-efficient marketing opportunities and channels.
- **Deliver Exceptional Customer Experience.** We believe that customer experience is fundamental to the growth of our business. We will continue to invest in our platform to further streamline the transaction process for our customers. We will also continue to invest in the development of our mobile experiences, including iOS and Android mobile applications, to strengthen customer engagement. We believe these investments will lead to greater consumer traffic to our platform, higher levels of customer satisfaction and increased conversion and sales.
- **Increase Conversion.** Sales conversion drives revenue growth and is an output of the acceleration of every point on the growth flywheel. We will continue to invest in our technology framework to optimize all aspects of our conversion funnel by constantly A/B testing our web and mobile applications to ensure we are displaying the features and formats that are most likely to resonate with our customers and lead to increased sales.

Drive Profitability

Our business model benefits from network effects and significant operating leverage as it scales. We believe that improvements in our unit economics are the foundation to driving profitability and will be achieved by scaling and optimizing the following elements of our platform:

- **Optimize Vehicle Acquisition and Pricing**. We strategically source inventory from auctions, consumers, rental car companies and dealers. We improve our ability to acquire the right vehicle at the right price through enhanced supply science across all our sourcing channels and we are expanding our national marketing efforts to drive consumer sourcing. We also intend to pursue third party inventory listings that will expand our sourcing channels through third party sellers while offering us attractive revenue models in an asset light, debt free structure.
- **Increase Reconditioning Capacity.** As we scale our business, we intend to invest in increased reconditioning capacity, employing our hybrid approach that combines the use of Vroom VRCs with geographically dispersed third-party VRCs to best meet our reconditioning needs. We are expanding our reconditioning capacity through third-party VRC locations and going forward we expect to invest in additional proprietary reconditioning capacity to provide added scale with reduced lead-time and greater flexibility.
- **Expand Value-Added Products.** Every vehicle sale creates potential for multiple additional revenue streams, including fees earned on third-party vehicle financing for customers and fees from the sale of other value-added products. We believe there are substantial opportunities to increase attachment rates on existing value-added products through training, merchandising and technology enhancements. We also see a significant opportunity to provide our customers with additional value-added products, such as auto insurance, and complementary services such as entertainment and location based services.
- **Strategically Develop Logistics Network.** We primarily use third-party carriers for our inbound and outbound vehicle transport, and are in the process of developing strategic carrier arrangements with national haulers in order to optimize our logistics network. As part of our hybrid approach, we also intend to continually evaluate and strategically expand our proprietary logistics operations and expect our enhanced logistics operations will drive lower inbound and outbound transportation costs.

Capitalize on New Product and Market Opportunities

- **Expand our Platform to Additional Products and Markets.** We have the potential to leverage our platform for expansion into additional areas of technology-enabled commerce, such as adjacent transportation and vehicle markets, global geographic markets and B-to-B business models.
- **Continue to Innovate on New Capabilities.** We believe we are well-positioned to expand our capabilities to participate actively as the industry evolves, including in such areas as electrification and shared mobility.

Growth in Unit Sales and Unit Economic Progression

In 2019, following the successful completion of two test programs that indicated a strong potential for organic, national expansion, we made the strategic decision to begin to aggressively scale our business and accelerate our growth. We began national marketing in February 2019 and simultaneously began to increase our inventory purchasing across multiple dispersed markets, we expanded shifts and overtime at our Vroom VRC to more rapidly recondition units and we paid a premium to ship units more quickly nationwide. As a result, we nearly doubled our inventory, doubled our reconditioning capacity and more than doubled our monthly sales in 2019.

The significant growth in consumer demand in 2019 exceeded the scale of our vehicle acquisition, logistics and reconditioning infrastructure during that period. By consciously prioritizing growth during the first half of 2019, we put downward pressure on unit economics for the short term, which also coincided with a stronger cycle of price depreciation in the second half of 2019 as compared to the prior year. This resulted in ecommerce GPPU declining from $1,806 and $1,892 in the first and second quarters of 2019, respectively, to $1,577 and $1,626 in third and fourth quarters of 2019, respectively.

In order to improve our unit economics, we used data to inform and optimize our operations across acquisitions, reconditioning and logistics. We also reexamined our reconditioning standards and defect disclosures, and we adopted refinements that enabled us to reduce costs without reducing customer satisfaction. In addition to the initiatives designed to improve our gross profit per ecommerce unit, we also entered into new arrangements with our third-party carriers that resulted in reduced outbound shipping costs, thereby reducing our selling, general and administrative expenses.

Impact of COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the rapidly growing outbreak of a novel strain of coronavirus known as COVID-19. The COVID-19 pandemic has impacted us in a number of ways, including an adverse impact on our ecommerce operations. We began to see this impact on our ecommerce operations during the last three weeks of our fiscal quarter ended March 31, 2020. Between March 11, 2020 and March 31, 2020, we experienced an approximate 15% decrease in total ecommerce revenue due to a decrease in consumer demand as compared to the 20 days prior to March 11, 2020. Commencing in late March, we reduced vehicle prices in order to drive vehicle sales and quickly reduce the amount of inventory that was purchased pre-COVID-19 and we paused all vehicle acquisitions other than trade-ins. As a result, we significantly reduced our total inventory levels as well as our inventory floorplan utilization. Due to the inventory price reductions that began in late March, our demand returned to pre-COVID-19 levels, and we experienced robust ecommerce vehicle sales; however, those sales were at a greatly reduced gross profit per unit. On April 20, 2020, we began to acquire new inventory from both auctions and consumers, with a primary focus on high-demand models that we believe will convert at target margins. We intend to strategically

build our inventory levels in the near term to return to and ultimately exceed pre-COVID-19 levels.

In response to the COVID-19 disruptions, in addition to managing our inventory exposure, we have implemented a number of measures to protect the health and safety of our workforce, proactively reduce operating costs, conserve liquidity and position Vroom to emerge from the current crisis in a healthy financial position. These measures include restrictions on non-essential business travel, the institution of work-from-home policies wherever feasible and the implementation of strategies for workplace safety at our facilities that remain open. In addition, effective May 3, 2020, approximately one-third of our workforce has been placed on furlough. We have also instituted an across-the-board salary reduction for our non-furloughed salaried employees. We also have taken measures to reduce operating expenses by negotiating reductions and deferrals in payments to landlords, vehicle listing sites, service providers and commercial vendors, as well as significantly reducing planned marketing expenditures by approximately $3.5 million through the end of May. Additionally, we adjusted our delivery protocols to provide contact-free delivery and pickup of vehicles.

As of April 30, 2020, we had $156.4 million in cash and cash equivalents and $280.8 million was available under our 2020 Vehicle Floorplan Facility. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Impact of COVID-19” for additional information regarding how COVID-19 has impacted our operations.

Risks Associated with Our Business

There are a number of risks that you should understand before making an investment decision regarding this offering. These risks are discussed more fully in the section entitled “Risk Factors” following this prospectus summary. If any of these risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, the trading price of our common stock would likely decline, and you may lose all or part of your investment. These risks include, but are not limited to:

- the impact of the novel coronavirus (COVID-19) pandemic;
- we have a history of losses and we may not achieve or maintain profitability in the future;
- we may not be able to generate sufficient revenue to generate positive cash flow on a sustained basis, and our revenue growth rate may decline;
- we have a limited operating history and are still building out our foundational systems;
- our recent, rapid growth may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to manage our growth effectively;
- our business is subject to certain risks related to the operation of, and concentration of our revenues and gross profit from TDA;
- we have entered into outsourcing arrangements with a third party related to our customer experience team, and any difficulties experienced in these arrangements could result in an interruption of our ability to sell our vehicles and value-added products;
- we face a variety of risks associated with the operation of our VRCs by us and our third-party service providers, any of which could materially and adversely affect our business, financial condition and results of operations;
- we rely on third-party carriers to transport our vehicle inventory throughout the United States. Thus, we are subject to business risks and costs associated with such carriers and with the transportation industry, many of which are out of our control;
- the current geographic concentration where we provide reconditioning services and store inventory 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; and

- if we sustain cyber-attacks or other privacy or data security incidents that result in security breaches, we could suffer a loss of sales and increased costs, exposure to significant liability, reputational harm and other negative consequences.

Before you invest in our common stock, you should carefully consider all the information in this prospectus, including matters set forth under the heading "Risk Factors."

Implications of Being Treated As an Emerging Growth Company

We ceased to be an emerging growth company as of December 31, 2019, due to generating more than $1.07 billion in annual revenue for the year ended December 31, 2019. However, because we ceased to be an emerging growth company after we confidentially submitted our registration statement related to this offering to the SEC, we will be treated as an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), for certain purposes until the earlier of the date we complete this offering and December 31, 2020. As such, we are permitted to rely on exemptions from certain disclosure and other requirements that are applicable to other public companies that are not emerging growth companies. In particular, in this prospectus, we have taken advantage of certain reduced disclosure obligations regarding the provision of selected financial data and executive compensation arrangements. We have also taken advantage of the extended transition period for complying with new or revised accounting standards available to emerging growth companies. Accordingly, the information contained in this prospectus may be different from the information you might receive from other public companies. For additional information and certain risks related to our treatment as an emerging growth company, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—JOBS Act" and "Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock—Although we ceased to be an 'emerging growth company,' we can continue to take advantage of certain reduced disclosure requirements in this registration statement, which may make our common stock less attractive to investors."

Corporate Information

We were incorporated in Delaware in 2012. Our principal executive offices are located at 1375 Broadway, 11th Floor, New York, New York 10018. Our telephone number is (631) 760-1215 and our website address is *www.vroom.com*. The information contained on, or that can be accessed through, our website is deemed not to be incorporated in this prospectus or to be part of this prospectus. You should not consider information contained on our website to be part of this prospectus in deciding whether to purchase shares of our common stock.

This prospectus includes our trademarks and trade names, including but not limited to Vroom®, Vroom Get In™, TDA®, DealerLane®, Texas Direct® and Sell Us Your Car®, which are protected under applicable intellectual property laws and are our property. This prospectus also contains trademarks, trade names and service marks of other companies, which are the property of their respective owners. Solely for convenience, trademarks, trade names and service marks referred to in this prospectus may appear without the ®, ™ or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted under applicable law, our rights or the right of the applicable licensor to these trademarks, trade names and service marks. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

THE OFFERING

Common stock offered by us	shares
Underwriters' over-allotment option to purchase additional shares of common stock	The underwriters have a 30-day over-allotment option to purchase up to additional shares of common stock from us as described under the heading "Underwriting."
Common stock to be outstanding after this offering	shares (or shares, if the underwriters exercise their over-allotment option in full).
Use of proceeds	We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately $ (or approximately $ if the underwriters exercise their over-allotment option in full), based upon the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general corporate purposes, including advertising and marketing, technology development, working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in businesses, products, services or technologies; however, we do not have agreements or commitments for any material acquisitions or investments at this time. See the section titled "Use of Proceeds" for additional information.
Dividend policy	We do not expect to pay any dividends on our common stock for the foreseeable future. See "Dividend Policy."
Listing	We have applied to list our common stock on the The Nasdaq Global Market ("Nasdaq") under the symbol "VRM."
Risk factors	Investing in our common stock involves a high degree of risk. See "Risk Factors" and the other information included in this prospectus for a discussion of factors you should carefully consider before investing in our common stock.

The number of shares of our common stock to be outstanding after this offering includes the number of shares of common stock outstanding as of March 31, 2020, after giving effect to the

assumed automatic conversion on a one-for-one basis of all outstanding shares of our preferred stock into shares of common stock upon the closing of this offering (the "Automatic Conversion"). This number excludes:

- shares of common stock reserved for future grant or issuance under our 2020 Incentive Award Plan (the "2020 Plan"), which shares will automatically increase each year, as more fully described in "Executive Compensation—Employee Benefit Plans";
- 80,568 shares of common stock issuable upon the exercise of warrants outstanding as of March 31, 2020 with an exercise price of $1.44 per share;
- 294,985 shares of Series F preferred stock issuable upon the exercise of warrants to purchase Series F preferred stock (which will be exercisable for common stock in lieu of Series F preferred stock following this offering) outstanding as of March 31, 2020 with an exercise price of $17.06 per share;
- shares of common stock issuable upon exercise of stock options outstanding as of March 31, 2020, having a weighted-average exercise price of $ per share;
- shares of common stock issuable upon settlement of restricted stock units outstanding as of March 31, 2020; and
- shares of our common stock subject to restricted stock units granted after March 31, 2020.

Unless otherwise indicated, all information contained in this prospectus assumes:

- the Automatic Conversion;
- no exercise, settlement or termination of outstanding stock options, warrants or restricted stock units after March 31, 2020;
- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws immediately prior to the closing of this offering;
- an initial public offering price of $ per share of common stock, which is the midpoint of the price range set forth on the cover page of this prospectus; and
- no exercise of the underwriters' option to purchase additional shares of our common stock from us in this offering to cover over-allotments.

Summary Consolidated Financial and Other Data

The following tables summarize our consolidated financial and other data. We have derived our summary consolidated statements of operations data for the years ended December 31, 2018 and 2019 from our consolidated financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data presented below for the three months ended March 31, 2020 and 2019 and the selected consolidated balance sheet data as of March 31, 2020 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on a consistent basis as our audited consolidated financial statements. In the opinion of management, the unaudited data reflects all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the financial information in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the following financial information together with the information under the sections titled "Capitalization," "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
(in thousands, except share and per share data)				
Total revenue	$ 855,429	$ 1,191,821	$ 235,059	$ 375,772
Cost of sales	794,622	1,133,962	223,047	357,385
Total gross profit	60,807	57,859	12,012	18,387
Selling, general and administrative expenses	133,842	184,988	36,583	58,380
Depreciation and amortization	6,857	6,019	1,533	966
Loss from operations	(79,892)	(133,148)	(26,104)	(40,959)
Interest expense	8,513	14,596	2,718	2,826
Interest income	(3,135)	(5,607)	(1,849)	(1,956)
Other (income) expense, net	(321)	673	63	(823)
Loss before provision for income taxes	(84,949)	(142,810)	(27,036)	(41,006)
Provision for income taxes	229	168	103	53
Net loss	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Accretion of redeemable convertible preferred stock	(13,036)	(132,750)	(17,964)	—
Net loss attributable to common stockholders	$ (98,214)	$ (275,728)	$ (45,103)	$ (41,059)
Net loss per share attributable to common stockholders, basic and diluted[1]	$ (23.00)	$ (64.08)	$ (10.51)	$ (9.69)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted[1]	4,270,389	4,302,981	4,289,415	4,235,728
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)[1]		$ (3.10)		$ (0.87)
Pro forma weighted average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)[1]		46,087,295		47,002,425

(in thousands)	As of March 31, 2020 (unaudited) Actual	Pro Forma[2]	Pro Forma As Adjusted[3][4]
Cash and cash equivalents	$ 169,842	$ 169,842	
Total assets	547,083	547,083	
Total liabilities	262,160	262,160	
Total redeemable convertible preferred stock	901,046	—	
Total stockholders' (deficit) equity	(616,123)	284,923	

(1) See Note 17 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our net loss per share attributable to common stockholders, basic and diluted, and unaudited pro forma net loss per share attributable to common stockholders, basic and diluted for the year ended December 31, 2019 and for the three months ended March 31, 2020.

(2) The unaudited pro forma consolidated balance sheet data as of March 31, 2020 presents our consolidated balance sheet data to give effect to (i) the Automatic Conversion and (ii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws immediately prior to the closing of this offering, in each case as if such event had occurred on March 31, 2020.

(3) The unaudited pro forma as adjusted consolidated balance sheet data reflects the items described in footnote (2) above and gives effect to our receipt of estimated net proceeds from the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range on the cover page of this prospectus, after deducting the estimated underwriting discount and estimated offering expenses payable by us. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) each of cash and cash equivalents, total assets and total stockholders' deficit by $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount and estimated offering expenses payable by us. Similarly, each 1,000,000 share increase or decrease in the number of shares offered in this offering would increase or decrease each of each of cash and cash equivalents, total assets and total stockholders' deficit by $ million, assuming that the price per share for the offering remains at $ (which is the midpoint of the price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

(4) The unaudited pro forma as adjusted data discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

	Year Ended December 31, 2018	2019	Three Months Ended March 31, 2019	2020
Key Operating and Financial Metrics:[a]				
Ecommerce units sold	10,006	18,945	3,187	7,930
Vehicle Gross Profit per ecommerce unit	$ 1,666	$ 1,109	$ 1,421	$ 845
Product Gross Profit per ecommerce unit	576	587	385	954
Total Gross Profit per ecommerce unit	$ 2,242	$ 1,696	$ 1,806	$ 1,799
Average monthly unique visitors	291,772	653,216	411,489	947,014
Vehicles available for sale	3,421	4,956	2,963	5,107
Ecommerce average days to sale	59	68	64	68

(a) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Financial Metrics" for information on how we define these key operating and financial metrics.

RISK FACTORS

This offering and an investment in our common stock involve a high degree of risk. You should carefully consider the risks described below, together with the financial and other information contained in this prospectus, before you decide to purchase shares of our common stock. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially and adversely affected. As a result, the trading price of our common stock could decline and you could lose all or part of your investment in our common stock.

Risks Related to Our Business

***The novel coronavirus (COVID-19) pandemic has had and is expected to continue to have an adverse effect on our business, financial condition and results of operations*.**

In March 2020, the World Health Organization declared COVID-19 a global pandemic, and governmental authorities around the world have implemented measures to reduce the spread of COVID-19. These measures have adversely affected workforces, customers, supply chains, consumer sentiment, economies, and financial markets, and, along with decreased consumer spending, have led to an economic downturn across many global economies.

The COVID-19 pandemic has rapidly escalated in the United States, creating significant uncertainty and economic disruption, and leading to record levels of unemployment nationally. Numerous state and local jurisdictions have imposed, and others in the future may impose, shelter-in-place orders, quarantines, shut-downs of non-essential businesses, and similar government orders and restrictions on their residents to control the spread of COVID-19. Such orders or restrictions have resulted in temporary facility closures (including certain of our third-party VRCs), work stoppages, slowdowns and travel restrictions, among other effects, thereby adversely impacting our operations. In addition, we expect to be impacted by a downturn in the United States economy, which could have an adverse impact on discretionary consumer spending.

In response to the COVID-19 disruptions, we have implemented a number of measures designed to protect the health and safety of our workforce, proactively reduce operating costs, conserve liquidity and position Vroom to emerge from the current crisis in a healthy financial position. These measures include restrictions on non-essential business travel, the institution of work-from-home policies wherever feasible and the implementation of strategies for workplace safety at our facilities that remain open. We are following the guidance from public health officials and government agencies, including implementation of enhanced cleaning measures, social distancing guidelines and wearing of masks. In addition, effective May 3, 2020, approximately one-third of our workforce has been placed on furlough. The majority of furloughed employees are employed in reconditioning, logistics, acquisitions and TDA sales, which are the positions most affected by the reduction in unit volume. Additionally, we have instituted an across-the-board salary reduction for our non-furloughed salaried employees, with our CEO forgoing 30% of his salary, each member of our senior leadership team taking a 20% salary reduction, and the balance of the employees experiencing reductions of 5-15% based upon salary levels. We are also modifying our capital allocation plan for the remainder of 2020, including reducing our planned capital expenditures, strategically reducing exposure to inventory and floorplan liabilities and moderating our marketing expenditures. While our ecommerce platform continues to operate, we have experienced a decline in foot traffic in TDA in the second half of March as compared to the first half of March due to the COVID-19 disruptions, leading to lower TDA sales. We will continue to incur costs for our operations, and our revenues during this pandemic are difficult to predict with certainty. As a result of any of the above developments, our business, results of operations, cash flows or financial condition for the full fiscal year of 2020 have been and will be significantly affected by the COVID-19 disruptions and could continue to be adversely impacted in the future. There is no

assurance the measures we have taken or may take in the future will be successful in managing the uncertainties caused by COVID-19.

The extent to which COVID-19 ultimately impacts our business, financial condition and results of operations will depend on future developments, which are highly uncertain and unpredictable, including new information which may emerge concerning the severity and duration of the COVID-19 outbreak and the effectiveness of actions taken to contain the COVID-19 outbreak or treat its impact, among others. Additionally, while the extent to which COVID-19 ultimately impacts the wholesale market will depend on a number of factors, the potential impact of the influx of vehicles from rental car companies could cause downward pressure on the value of used vehicles, which could have an adverse impact on our ability to liquidate our inventory in a timely manner or at all. The COVID-19 outbreak is evolving and new information emerges daily; accordingly, the ultimate consequences of the COVID-19 outbreak cannot be predicted with certainty.

In addition to the COVID-19 disruptions adversely impacting our business and financial results, they may also have the effect of heightening many of the other risks described in “Risk Factors,” including risks relating to changes in consumer demand; our limited operating history; our ability to generate sufficient revenue to generate positive cash flow; the operation of, and concentration of our revenues and gross profit from TDA; our relationships with third party customer experience teams; the operation of our VRCs by us and our third party service providers; the current geographic concentration of reconditioning services and store inventory; our level of indebtedness; our agreement with a single lender to finance our vehicle inventory purchases and the expiration of such agreement; our access to desirable vehicle inventory; and regulatory restrictions.

We have a history of losses and we may not achieve or maintain profitability in the future.

We have not been profitable since our inception in 2012 and had an accumulated deficit of approximately $616.1 million as of March 31, 2020. We incurred net losses of $143.0 million and $41.1 million for the year ended December 31, 2019 and the quarter ended March 31, 2020, respectively, as compared to $85.2 million and $27.1 million for the year ended December 31, 2018 and the quarter ended March 31, 2019, respectively. We may incur significant losses in the future for a number of reasons, including our inability to reduce costs, acquire and appropriately price vehicle inventory, attract customers or identify and respond to emerging trends in the used car industry; slowing demand for used vehicles and our related value-added products; weakness in the automotive retail industry generally; general economic conditions; global pandemics; and increasing competition, as well as other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications and delays in achieving profitability.

Additionally, we expect to continue to incur losses as we invest in and strive to grow our business. We expect our operating expenses to increase in the future as we increase our advertising and marketing efforts to build our brand, continue to invest in technology development and expand our operating infrastructure. In addition, as a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. As a result of these increased expenditures, we will have to generate and sustain increased revenue to offset our operating expenses and achieve and maintain profitability. In addition, if we reduce variable costs to respond to losses, this may limit our ability to acquire customers and grow our revenues. Our ecommerce gross profit per unit declined by $546, or 24.4%, for the year ended December 31, 2019 compared to 2018, and by $7, or 0.4%, for the quarter ended March 31, 2020 compared to the quarter ended March 31, 2019. To reduce our losses, we will need to increase our gross profit per unit by lowering our costs per unit by, among other things, increasing efficiencies in reconditioning and logistics, which we may be unable to do. Accordingly, we may not achieve or maintain profitability and we may continue to incur significant losses in the future.

As a result of the impact of the COVID-19 pandemic, in combination with our history of losses and negative cash flows from operations and that we have not yet obtained additional capital in connection with this offering, our consolidated financial statements contain a statement regarding a substantial doubt about our ability to continue as a going concern.

As a result of the factors described above under the risk factor titled "the novel coronavirus (COVID-19) pandemic has had and is expected to continue to have an adverse effect on our business, financial condition and results of operations," in combination with our history of losses and negative cash flows from operations and that we have not yet obtained additional capital in connection with this offering, our financial statements include a statement that there is a substantial doubt about our ability to continue as a going concern over the next twelve months and our independent registered public accounting firm has included an explanatory paragraph in their report on our consolidated financial statements. Our ability to continue as a going concern is dependent upon us generating sufficient cash flow from operations and obtaining additional capital and financing, including the proceeds from this offering. If our ability to generate cash flow from operations is delayed or reduced and we are unable to raise sufficient proceeds from this offering, we may be unable to continue in business.

We may not be able to generate sufficient revenue to generate positive cash flow on a sustained basis, and our revenue growth rate may decline.

We cannot assure you that we will generate sufficient revenue to offset the cost of maintaining our platform and maintaining and growing our business. Although our revenue grew from $855.4 million and $235.1 million for the year ended December 31, 2018 and the quarter ended March 31, 2019, respectively, to $1.2 billion and $375.8 million for the year ended December 31, 2019 and the quarter ended March 31, 2020, respectively, our revenue growth rate may decline in the future because of a variety of factors, including our inability to reduce costs, acquire and appropriately price vehicle inventory, attract customers or identify and respond to emerging trends in the used car industry; slowing demand for used vehicles and our related value-added products; weakness in the automotive retail industry generally; general economic conditions; and increasing competition. We cannot assure you that our revenue will continue to grow or will not decline. You should not consider our historical revenue growth or operating expenses as indicative of our future performance. If our revenue growth rate declines or our operating expenses exceed our expectations, our business, financial condition and results of operations will be materially and adversely affected.

Further, going forward we expect to make significant investments to further develop and expand our business, and these investments may not result in increased revenue or growth on a timely basis or at all. For example, we expect to continue to expend substantial financial and other resources on acquiring and retaining customers, development of our technology and data analytics capabilities, adding new features and functionality to our website, mobile application development and expansion of our reconditioning and logistics network. These investments may not result in increased revenue or growth in our business. If we cannot successfully earn revenue at a rate that exceeds the costs associated with our business, we will not be able to generate positive cash flow on a sustained basis and our revenue growth rate may decline. Additionally, we base our expenses and investment plans on our estimates of revenue and gross profit. If our assumptions prove to be wrong, we may spend more than we anticipate or may generate less revenue than anticipated. If we fail to continue to grow our revenue, our business, financial condition and results of operations could be materially and adversely affected.

We have a limited operating history and are still building out our foundational systems.

We commenced operations in 2012 and acquired TDA in 2015 and, as a result, have a limited operating history. Moreover, over the past three years, we brought in a new senior leadership team

that has refocused our strategy, accelerated our growth and committed us to pursue a path to profitability. To execute this strategy, we have invested, and continue to invest, in enhancing our foundational systems as we scale our business, including design and expansion of website functionality and features, mobile application development, advancement and deployment of sophisticated data analytics, lean manufacturing technology and logistics network management, and work on all such foundational systems is ongoing. These types of activities subject us to various costs and risks, including increased capital expenditures, additional administration and operating expenses, potential disruption of our internal control structure, acquisition and retention of sufficiently skilled personnel, demands on management time, the introduction of errors or vulnerabilities and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our foundational systems. There can be no assurance that we will succeed in successfully developing our capabilities in each of these areas, or that a desirable return on investment will be achieved on the investments made in these areas. A failure to successfully execute on the development of our foundational systems would adversely affect our business, financial condition and results of operations.

Our recent, rapid growth may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to manage our growth effectively.

Our revenue grew from $855.4 million and $235.1 million for the year ended December 31, 2018 and the quarter ended March 31, 2019, respectively, to $1.2 billion and $375.8 million for the year ended December 31, 2019 and the quarter ended March 31, 2020, respectively. We expect that, in the future, even if our revenue continues to increase, our rate of growth may decline. In any event, we will not be able to grow as fast or at all if we do not:

- increase the number of unique visitors to our website, the number of qualified visitors to our website (i.e. those who have the intent and ability to transact), and the number of customers transacting on or through our platform;
- further enhance the quality of our vehicle offerings and value-added products, and introduce high quality new offerings and features on our platform; or
- acquire sufficient high-quality inventory at an attractive cost to meet the increasing demand for our vehicles.

Our business has grown rapidly as new customers have purchased vehicles and value-added products from us. However, our business is relatively new and has operated at substantial scale for only a limited period of time. Given this limited history, it is difficult to predict whether we will be able to maintain or grow our business. Our historical revenue growth should not be considered indicative of our future performance. We have encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including difficulties in our ability to achieve market acceptance of our platform and attract customers, as well as increasing competition and increasing expenses as we continue to grow our business. We also expect that our business will evolve in ways that may be difficult to predict. For example, over time our investments that are intended to drive new customer traffic to our website may be less productive than expected. In the event of this or any other adverse developments, our continued success will depend on our ability to successfully adjust our strategy to meet changing market dynamics. If we are unable to do so, our business, financial condition and results of operations could be materially and adversely affected.

Our recent, rapid growth has placed and may continue to place significant demands on our management and our operational and financial resources. We have experienced significant growth in the number of customers on our platform as well as the amount of data that we analyze. We have hired and expect to continue hiring additional personnel to support our rapid growth. Our organizational structure is becoming more complex as we add staff, and we will need to continue to improve our

operational, financial and management controls as well as our reporting systems and procedures. This will require significant capital expenditures and the allocation of valuable management resources to grow and adapt in these areas without undermining our corporate culture of teamwork. If we cannot manage our growth effectively to maintain the quality and efficiency of our customers' experience and/or the quality of the vehicles we sell, our business, financial condition and results of operations could be materially and adversely affected.

Our business is subject to certain risks related to the operation of, and concentration of our revenues and gross profits from, TDA.

In 2018 and 2019 and the quarters ended March 31, 2019 and 2020, $379.7 million, $390.2 million, $93.1 million and $87.0 million, respectively, of our revenues were related to sales at TDA, representing approximately 44.4%, 32.8%, 39.6% and 23.2%, respectively, of our total revenue for those years. In 2018 and 2019 and the quarters ended March 31, 2019 and 2020, TDA gross profit was $35.1 million, $25.4 million, $6.1 million and $5.4 million, respectively. Vehicle sales at TDA could be adversely affected for a variety of reasons, including severe weather conditions or other catastrophic events in the Houston area that could damage our facilities and/or our inventory and keep customers from coming onsite, or economic downturns or other factors affecting the Houston area that could lead to reduced demand. Although revenues and gross profit from TDA are expected to decline as a percentage of total revenues over time as we scale our ecommerce business, a material decline in vehicle sales at TDA in the near term would adversely affect our results of operations. In addition, we acquired TDA in 2015, and, in connection with this acquisition, we could continue to be subject to risks and liabilities from the operation of TDA under its prior ownership, and the indemnities that we negotiated as part of the transaction may not adequately protect us.

We have entered into outsourcing arrangements with a third party related to our customer experience team, and any difficulties experienced in these arrangements could result in an interruption of our ability to sell our vehicles and value-added products.

Currently, the substantial majority of inquiries, sales, purchases and financings of our vehicles in our ecommerce business are conducted through a third-party customer experience center located in Detroit, Michigan. The customer experience center is fundamental to the success of our business because customers currently must interact with our customer experience team in order to complete a purchase on our platform. As a result, the success of our business and our customer experience is partially dependent on a third party over which we have limited control. If the third party's systems and operations fail or if the third party is otherwise unable to perform its sales function, we may be unable to complete customer transactions, which would prevent us from selling vehicles and value-added products through our platform. In addition, if such third party is unable to perform to our standards or to provide the level of service required or expected by our customers, or we are unable to renegotiate the agreement with the third party on attractive terms or at all, or if we are unable to contract with an alternative third-party provider, our business, financial condition and results of operations may be harmed and we may be forced to pursue alternatives to provide these services, which could result in delays, interruptions, additional expenses and loss of potential and existing customers and related revenues.

We face a variety of risks associated with the operation of our VRCs by us and our third-party service providers, any of which could materially and adversely affect our business, financial condition and results of operations.

We and third-party service providers operate our VRCs. If we are unable to maintain our relationship with our third-party service providers, such service providers cease to provide the services we need, or such service providers are unable to effectively deliver our services to our standards on

timelines and at the prices we have negotiated, and we are unable to contract with alternative vendors or replace such service providers with a Vroom VRC (which may require significant time and investment), we could experience delivery delays, a decrease in the quality of our reconditioning services, delays in listing our inventory, additional expenses and loss of potential and existing customers and related revenues, which may materially and adversely affect our business, financial condition and results of operations. These risks are exacerbated by the fact that our third-party VRCs are primarily operated by one third-party provider.

Moreover, our future growth depends in part on scaling and expanding our reconditioning operations. We are expanding our reconditioning capacity through third-party VRC locations and going forward we expect to continue to invest in additional proprietary reconditioning capacity to provide added scale with reduced lead-time and greater flexibility. If for any reason we are unable to expand our reconditioning operations as planned, this could lead to operational delays and a decrease in planned inventory. Any operational delays or delays in our planned expansion could have a material adverse effect on our business, financial condition and results of operations.

Additionally, we and our third-party vendors are required to obtain approvals, permits and licenses from state regulators and local municipalities to operate our VRCs. We may face delays in obtaining the requisite approvals, permits, financing and licenses to operate our VRCs or we may not be able to obtain them at all. If we encounter delays in obtaining or cannot obtain the requisite approvals, permits, financing and licenses to operate our VRCs in desirable locations, our business, financial condition and results of operations may be materially and adversely affected.

We rely on third-party carriers to transport our vehicle inventory throughout the United States. Thus, we are subject to business risks and costs associated with such carriers and with the transportation industry, many of which are out of our control.

We rely on third-party carriers to transport vehicles from auctions or individual sellers to VRCs, and then from our VRCs to our customers. As a result, we are exposed to risks associated with the transportation industry such as weather, traffic patterns, local and federal regulations, vehicular crashes, gasoline prices and lack of reliability of many independent carriers. Our third-party carriers' failure to successfully manage our logistics and fulfilment process could cause a disruption in our inventory supply chain and decrease our inventory sales velocity, which may materially and adversely affect our business, financial condition and results of operations. In addition, third-party carriers who deliver vehicles to our customers could adversely affect the customer experience if they do not perform to our standards of professionalism and courtesy, which could adversely impact our business, financial condition and results of operations.

The current geographic concentration where we provide reconditioning services and store inventory 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.

We currently conduct our business through multiple VRCs, including our Vroom VRC located outside Houston, Texas where we hold a majority of our inventory. In addition, a majority of our third-party reconditioning services are conducted through a single provider, with facilities located in California, Florida, Arizona and other states. Any unforeseen events or circumstances that negatively affect these areas, particularly our facilities near Houston, which have experienced flooding and other damage in recent years as a result of severe weather conditions, including hurricanes, could materially and adversely affect our revenues and results of operations. Changes in demographics and population or severe weather conditions and other catastrophic occurrences in areas in which we operate or from which we obtain inventory may materially and adversely affect our results of operations. Such

conditions may result in physical damage to our properties, loss of inventory and delays in the delivery of vehicles to our customers.

If we sustain cyber-attacks or other privacy or data security incidents that result in security breaches, we could suffer a loss of sales and increased costs, exposure to significant liability, reputational harm and other negative consequences.

Our information technology may be subject to cyber-attacks, viruses, malicious software, break-ins, theft, computer hacking, phishing, employee error or malfeasance or other security breaches. Hackers and data thieves are increasingly sophisticated and operate large-scale and complex automated attacks. Experienced computer programmers and hackers may be able to penetrate our security controls and misappropriate or compromise sensitive personal, proprietary or confidential information, create system disruptions or cause shutdowns. They also may be able to develop and deploy malicious software programs that attack our systems or otherwise exploit any security vulnerabilities. Our systems and the data stored on those systems also may be vulnerable to security incidents or security attacks, acts of vandalism or theft, coordinated attacks by activist entities, misplaced or lost data, human errors, or other similar events that could negatively affect our systems and the data stored on or transmitted by those systems, including the data of our customers or business partners. Further, third parties, such as hosted solution providers, that provide services to us, also could be a source of security risks in the event of a failure of their own security systems and infrastructure. Our technology infrastructure may be subject to increased risk of slowdown or interruption as a result of integration with third-party services, including cloud services, and/or failures by such third parties, which may be out of our control.

The costs to eliminate or address the foregoing security threats and vulnerabilities before or after a cyber-incident could be significant. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service and loss of existing or potential suppliers or players. As threats related to cyber-attacks develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure, which may impact our results of operations. Although we have insurance coverage for losses associated with cyber-attacks, as with all insurance policies, there are coverage exclusions and limitations, and our coverage may not be sufficient to cover all possible claims, and we may still suffer losses that could have a material adverse effect on our business (including reputational damage). We could also be negatively impacted by existing and proposed U.S. laws and regulations, and government policies and practices related to cybersecurity, data privacy, data localization and data protection. In the event that we or our service providers are unable to prevent, detect, and remediate the foregoing security threats and vulnerabilities in a timely manner, our operations could be disrupted or we could incur financial, legal or reputational losses arising from misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in our information systems and networks, including personal information of our employees and our customers. In addition, outside parties may attempt to fraudulently induce our employees or employees of our vendors to disclose sensitive information in order to gain access to our data. The number and complexity of these threats continue to increase over time. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls, and processes require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Despite our efforts, the possibility of these events occurring cannot be eliminated entirely.

We rely on third-party service providers to provide financing, as well as value-added products to our customers, and we cannot control the quality or fulfillment of these products.

We rely on third-party lenders to finance our customers' vehicle purchases. We also offer value-added products to our customers through third-party service providers, including extended warranty

contracts, GAP insurance policies and tire and wheel insurance policies. Because we utilize third-party service providers, we cannot control all of the factors that might affect the quality and fulfillment of these services and products, including (i) lack of day-to-day control over the activities of third-party service providers, (ii) that such service providers may not fulfill their obligations to us or our customers or may otherwise fail to meet expectations and (iii) that such service providers may terminate their arrangements with us on limited or no notice or may change the terms of these arrangements in a manner unfavorable to us for reasons outside of our control. Such providers also are subject to state and federal regulations and any failure by such third-party service providers to comply with applicable legal requirements could cause us financial or reputational harm.

Our revenues and results of operations are partially dependent on the actions of these third parties. If one or more of these third-party service providers cease to provide these services or products to our customers, tighten their credit standards or otherwise provide services to fewer customers or are no longer able to provide them on competitive terms, it could have a material adverse effect on our business, revenues and results of operations. If we were unable to replace the current third-party providers upon the occurrence of one or more of the foregoing events, it could also have a material adverse effect on our business, revenues and results of operations. In addition, disagreements with such third-party service providers could require or result in costly and time-consuming litigation or arbitration.

Moreover, we receive fees from these third-party service providers in connection with finance, service and insurance products purchased by our customers. A portion of the fees we receive on such products is subject to chargebacks in the event of early termination, default or prepayment of the contracts by end-customers, which could adversely affect our business, revenues and results of operations.

If the quality of our customer experience, our reputation or our brand were negatively affected, our business, sales and results of operations could be materially and adversely affected.

Our business model is primarily based on our ability to enable consumers to buy and sell used vehicles through our ecommerce platform in a seamless, transparent and hassle-free transaction. If consumers fail to perceive us as a trusted brand with a strong reputation and high standards, or if an event occurs that damages our reputation, it could adversely affect customer demand and have a material adverse effect on our business, revenues and results of operations. Even the perception of a decrease in the quality of our customer experience or brand could impact results. Our high rate of growth makes maintaining the quality of our customer experience more difficult.

Complaints or negative publicity about our business practices, marketing and advertising campaigns, vehicle quality, compliance with applicable laws and regulations, data privacy and security or other aspects of our business, especially on blogs and social media websites, could diminish consumer confidence in our platform and adversely affect our brand, irrespective of their validity. The growing use of social media increases the speed with which information and opinions can be shared and thus the speed with which our reputation can be damaged. If we fail to correct or mitigate misinformation or negative information about us, our platform, our vehicle inventory, our customer experience, our brand or any aspect of our business, including information spread through social media or traditional media channels, it could materially and adversely affect our business, financial condition and results of operations.

Our business is sensitive to changes in the prices of new and used vehicles.

Any significant changes in retail prices for new or used vehicles could have a material adverse effect on our business, financial condition and results of operations. For example, if retail prices for

used vehicles rise relative to retail prices for new vehicles, it could make buying a new vehicle more attractive to our customers than buying a used vehicle, which could have a material adverse effect on our business, financial condition and results of operations and could result in reduced vehicle sales and lower revenue. Additionally, manufacturer incentives, including financing, could contribute to narrowing the price gap between new and used vehicles.

Used vehicle prices also may decline due to an increased number of new vehicle lease returns over the next several years. While lower used vehicle prices reduce our cost of acquiring new inventory, lower prices could also lead to reductions in the value of inventory we currently hold, which could have a negative impact on gross profit. Moreover, any significant changes in retail prices due to scarcity or competition for used vehicles could impact our ability to source desirable inventory for our customers, which could have a material adverse effect on our results of operations and could result in fewer used-car sales and lower revenue. Furthermore, any significant changes in wholesale prices for used vehicles could have a negative impact on our results of operations by reducing wholesale margins.

Our business and inventory is dependent on our ability to correctly appraise and price vehicles we buy and sell.

When purchasing a vehicle from us, our customers sometimes trade in their current vehicle and apply the trade-in value towards their purchase. We also acquire vehicles from consumers independent of any purchase of a vehicle from us. We appraise and price vehicles we buy and sell using data science and proprietary algorithms based on a number of factors, including mechanical soundness, consumer desirability, vehicle history, market prices and relative value as prospective inventory. If we are unable to correctly appraise and price both the vehicles we buy and the vehicles we sell, we may be unable to acquire or sell inventory at attractive prices or to manage inventory effectively, and accordingly our revenue, gross margins and results of operations would be affected, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is dependent upon access to desirable vehicle inventory. Obstacles to acquiring attractive inventory, whether because of supply, competition or other factors, may have a material adverse effect on our business, financial condition and results of operations.

We acquire vehicles for sale primarily from auctions, as well as dealers, rental car companies and consumers. There can be no assurance that the supply of desirable used vehicles will be sufficient to meet our needs. In addition, we purchase a significant amount of our inventory from one third-party auction source, which accounted for approximately 20% of our inventory sourcing in 2019. If this third party is unable to fulfill our inventory needs or if we are unable to source desirable used vehicles from alternative third-party providers, we may lack sufficient inventory and, as a result, may lose potential and existing customers and related revenues. Moreover, we sell vehicles acquired from customers that do not meet our retail standards to auctions, which may result in lower revenues and also could lead to reductions in our available inventory.

Additionally, we appraise thousands of consumer vehicles daily and evaluate potential purchases based on mechanical soundness, consumer desirability and relative value in relation to retail inventory or wholesale disposition. If we fail to adjust appraisal offers to stay in line with broader market trade-in offer trends or fail to recognize those trends, it could adversely affect our ability to acquire inventory. Our ability to source vehicles through our appraisal process also could be affected by competition, both from new and used vehicle dealers directly and through third-party websites driving appraisal traffic to those dealers. In addition, we remain dependent on third parties to sell us used vehicles, and there can be no assurance of an adequate supply of desirable vehicles on terms that are attractive to us. A

reduction in the availability of or access to sources of inventory for any reason could have a material adverse effect on our business, financial condition and results of operations.

Our business is dependent upon our ability to expeditiously sell inventory. Failure to expeditiously sell our inventory could have a material adverse effect on our business, financial condition and results of operations.

Sourcing of our used vehicle inventory is based in large part on projected demand. If actual sales are materially less than our forecasts, we would experience an over-supply of used vehicle inventory. An over-supply of used vehicle inventory will generally cause downward pressure on our vehicle sales prices and margins and decrease inventory sales velocity. Vehicles depreciate rapidly, so a failure to expeditiously sell our inventory or to efficiently recondition and deliver vehicles to customers could hurt our gross profit per unit and materially and adversely affect our business, financial condition and results of operations. Historically, the rate at which customers return vehicles has been relatively low. In 2019 and the first quarter of 2020, we had approximately 4.8% and 5.8%, respectively, in total vehicle returns and approximately 3.7% and 4.5%, respectively, in vehicle returns net of vehicle swaps. However, there is no assurance these rates will remain similar to our historical levels. If we have higher than expected return rates, such inventory would continue to depreciate in value and our revenue, business, financial condition and results of operations could be materially and adversely affected.

Used vehicle inventory has typically represented a significant portion of our total assets. Having such a large portion of our total assets in the form of used vehicle inventory for an extended period of time subjects us to write-downs and other risks that affect our results of operations. Accordingly, if we have excess inventory, if we are unable to ship and deliver vehicles efficiently or if our inventory sales velocity decreases, we may be unable to liquidate such inventory at prices that would allow us to meet unit economics targets or to recover our costs, which could have a material adverse effect on our business, financial condition and results of operations.

Our ability to expand value-added product offerings and introduce additional products and services may be limited, which could have a material adverse effect on our business, financial condition and results of operations.

Currently, our third-party value-added products consist of finance and insurance products, which includes third-party financing of customers' vehicle purchases, as well as other value-added products, such as extended warranty contracts, GAP insurance policies and tire and wheel insurance policies. If we introduce new value-added products or expand existing offerings on our platform, such as insurance referral services, music services and vehicle diagnostic and tracking services, we may incur losses or otherwise fail to enter these markets successfully. Our expansion into these markets may place us in competitive and regulatory environments with which we are unfamiliar and involve various risks, including the need to invest significant resources to familiarize ourselves with such frameworks and the possibility that returns on such investments may not be achieved for several years, if at all. In attempting to establish new offerings, we expect to incur significant expenses and face various other challenges, such as expanding our customer experience team and management personnel to cover these markets and complying with complicated regulations that apply to these markets. In addition, we may not successfully demonstrate the value of these value-added products to customers, and failure to do so would compromise our ability to successfully expand into these additional revenue streams. Any of these risks, if realized, could materially and adversely affect our business, financial condition and results of operations.

Failure to comply with federal, state and local laws and regulations relating to privacy, data protection and consumer protection, or the expansion of current or the enactment of new laws or regulations relating to privacy, data protection and consumer protection, as well as our actual or perceived failure to protect such information could harm our reputation and could adversely affect our business, financial condition and results of operations.

We collect, store, process and use personal information and other customer data, and we rely in part on third parties that are not directly under our control, including our third-party customer experience team, to manage certain of these operations. For example, we rely on encryption, storage and processing technology developed by third parties to securely transmit, operate on and store such information. Due to the volume and sensitivity of the personal information and data we and these third parties manage and expect to manage in the future, as well as the nature of our customer base, the security features of our information systems are critical. We expend significant resources to protect against security breaches and may need to expend more resources in the event we need to address problems caused by potential breaches. Any failure or perceived failure to maintain the security of personal and other data that is provided to us by customers and vendors could harm our reputation and brand and expose us to a risk of loss or litigation and possible liability, any of which could adversely affect our business, financial condition and results of operations. Additionally, concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy-related matters, even if unfounded, could harm our business, financial condition and results of operations. We have in the past experienced security vulnerabilities, though such vulnerabilities have not had a material impact on our operations. While we have implemented security procedures and virus protection software, intrusion prevention systems, access control and emergency recovery processes to mitigate such risks like these with respect to information systems that are under our control, they are not fail-safe and may be subject to breaches. Further, we cannot ensure that third parties upon whom we rely for various services will maintain sufficient vigilance and controls over their systems. Our inability to use or access those information systems at critical points in time, or unauthorized releases of personal or confidential information, could unfavorably impact the timely and efficient operation of our business, including our results of operations, and our reputation, as well as our relationships with our employees or other individuals whose information may have been affected by such cybersecurity incidents.

There are numerous federal, state and local laws regarding privacy and the collection, processing, storing, sharing, disclosing, using and protecting of personal information and other data, the scope of which are changing, subject to differing interpretations, and which may be costly to comply with, inconsistent between jurisdictions or conflicting with other rules. We are also subject to specific contractual requirements contained in third-party agreements governing our use and protection of personal information and other data. We generally comply with industry standards and are subject to the terms of our privacy policies and the privacy- and security-related obligations to third parties. We strive to comply with applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection, to the extent possible. However, it is possible that these obligations may be interpreted and applied in new ways or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Additionally, new regulations could be enacted with which we are not familiar. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to customers or other third parties, or our privacy-related legal obligations or any compromise of security that results in the unauthorized release or transfer of sensitive information, which may include personally identifiable information or other customer data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause customers, vendors and receivable purchasers to lose trust in us, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, if vendors, developers or other third parties that we work with violate applicable laws or our policies, such violations may also put customers', vendors' or receivables-

purchasers' information at risk and could in turn harm our business, financial condition and results of operations.

We expect that new industry standards, laws and regulations will continue to be proposed regarding privacy, data protection and information security in many jurisdictions, including the California Consumer Privacy Act (the "CCPA"), which went into effect on January 1, 2020. We cannot yet determine the impact of the CCPA or such future laws, regulations and standards may have on our business. Complying with these evolving obligations is costly. For instance, expanding definitions and interpretations of what constitutes "personal data" (or the equivalent) within the United States may increase our compliance costs and legal liability.

A significant data breach or any failure, or perceived failure, by us to comply with any federal, state or local privacy or consumer protection-related laws, regulations or other principles or orders to which we may be subject or other legal obligations relating to privacy or consumer protection could adversely affect our reputation, brand and business, and may result in claims, investigations, proceedings or actions against us by governmental entities or others or other penalties or liabilities or require us to change our operations and/or cease using certain data sets. Depending on the nature of the information compromised, we may also have obligations to notify users, law enforcement or payment companies about the incident and may need to provide some form of remedy, such as refunds, for the individuals affected by the incident.

We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws and regulations. Failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

Our business is and will continue to be subject to extensive U.S. federal, state and local laws and regulations. The advertising, sale, purchase, financing and transportation of used vehicles are regulated by every state in which we operate and by the U.S. federal government. We also are subject to state laws related to titling and registration and wholesale vehicle sales, and our sale of value-added products is subject to state licensing requirements, as well as federal and state consumer protection laws. These laws can vary significantly from state to state. In addition, we are subject to regulations and laws specifically governing the internet and ecommerce and the collection, storage and use of personal information and other customer data. We are also subject to federal and state consumer protection laws, including the Equal Credit Opportunity Act and prohibitions against unfair or deceptive acts or practices. The federal governmental agencies that regulate our business and have the authority to enforce such regulations and laws against us include the U.S. Federal Trade Commission (the "FTC"), the U.S. Department of Transportation, the U.S. Occupational Health and Safety Administration, the U.S. Department of Justice and the U.S. Federal Communications Commission. For example, the FTC has jurisdiction to investigate and enforce our compliance with certain consumer protection laws and has brought enforcement actions against auto dealers relating to a broad range of practices, including the sale and financing of value-added or add-on products. Additionally, we are subject to regulation by individual state dealer licensing authorities, state consumer protection agencies and state financial regulatory agencies. We also are subject to audit by such state regulatory authorities.

State dealer licensing authorities regulate the purchase and sale of used vehicles by dealers within their respective states. The applicability of these regulatory and legal compliance obligations to our ecommerce business is dependent on evolving interpretations of these laws and regulations and how our operations are, or are not, subject to them. We are licensed as a dealer in the State of Texas and all of our vehicle transactions are conducted under our Texas license. We believe that our activities in other states are not subject to their vehicle dealer licensing laws. State regulators in such states could, however, seek to require us to maintain a used vehicle dealer license in order to engage in activities in that state.

Most states regulate retail installment sales, including setting a maximum interest rate, caps on certain fees or maximum amounts financed. In addition, certain states require that retail installment sellers file a notice of intent or have a sales finance license or an installment sellers license in order to solicit or originate installment sales in that state. We have obtained a motor vehicle sales finance license in Texas, which is the state in which our vehicle sale transactions are conducted under our Texas dealer license. The financial regulatory agency in Pennsylvania determined that we need to obtain an installment seller license in order to enter into retail installment sales with residents of Pennsylvania, and, as a result, we currently do not offer third-party financing to our customers in Pennsylvania. Accordingly, our customers located in Pennsylvania must obtain independent financing to the extent needed to fund any vehicle purchases on our platform.

Any failure to renew or maintain any of the foregoing licenses would materially and adversely affect our business, financial condition and results of operations. Many aspects of our business are subject to regulatory regimes at the state and local level, and we may not have all licenses required to conduct business in every jurisdiction in which we operate. Despite our belief that we are not subject to certain licensing requirements of those state and local jurisdictions, regulators may seek to impose punitive fines for operating without a license or demand we seek a license in those state and local jurisdictions, any of which may inhibit our ability to do business in those state and local jurisdictions, increase our operating expenses and adversely affect our business, financial condition and results of operations.

In addition to these laws and regulations that apply specifically to the sale and financing of used vehicles, our facilities and business operations are subject to laws and regulations relating to environmental protection, occupational health and safety, and other broadly applicable business regulations. We also are subject to laws and regulations involving taxes, tariffs, privacy and data security, anti-spam, pricing, content protection, electronic contracts and communications, mobile communications, consumer protection, information reporting requirements, unencumbered internet access to our platform, the design and operation of websites and internet neutrality.

After the completion of this offering, we will also be subject to laws and regulations affecting public companies, including securities laws and exchange listing rules. The violation of any of these laws or regulations could result in administrative, civil or criminal penalties or in a cease-and-desist order against our business operations, any of which could damage our reputation and have a material adverse effect on our business, financial condition and results of operations. We have incurred and will continue to incur capital and operating expenses and other costs to comply with these laws and regulations.

The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to evolving interpretations and continuous change.

We may require additional debt and equity capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances. If such capital is not available to us, our business, financial condition and results of operations may be materially and adversely affected.

We may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, including to increase our marketing expenditures to improve our brand awareness, build and maintain our inventory of used vehicles, develop new products or services or further improve existing products and services, enhance our operating infrastructure and acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. However, additional funds

may not be available when we need them, on terms that are acceptable to us, or at all. Moreover, any debt financing that we secure in the future could involve restrictive covenants which may make it more difficult for us to obtain additional capital and to pursue business opportunities. Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, we may be forced to obtain financing on undesirable terms or our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, financial condition and results of operations could be materially and adversely affected.

If we fail to comply with the Telephone Consumer Protection Act, we may face significant damages, which could harm our business, financial condition and results of operations.

We utilize telephone calls as a means of responding to and marketing to customers interested in purchasing, trading in and/or selling vehicles and value-added products, and intend to implement the use of texting as a means of communication with our customers. We generate leads from our website and online advertising by prompting potential customers to provide their phone numbers so that we can contact them in response to their interest in selling a vehicle, purchasing a vehicle, trading in a vehicle or obtaining financing terms. We currently engage a third-party customer experience center to facilitate substantially all inquiries, sales, purchases and financings of our vehicles through our platform.

The Telephone Consumer Protection Act (the “TCPA”), as interpreted and implemented by the Federal Communication Commission (the “FCC”) and U.S. courts, imposes significant restrictions on the use of telephone calls to residential and mobile telephone numbers as a means of communication when prior consent of the person being contacted has not been obtained. Currently, our third-party customer experience center utilizes automated telephone dialing systems to dial phone numbers of potential customers who have requested that we contact them by providing their phone number to us through our website and through third-party aggregation websites. Our telephone marketing activities, such as these, must comply with the TCPA, the Telephone Sales Rule (the “TSR”) and the FCC’s declaratory ruling issued on July 10, 2015 (the “July Declaratory Ruling”). The TCPA prohibits the use of automatic telephone dialing systems for communications with wireless phone numbers without express consent of the consumer, and the TSR established the Do Not Call Registry. Based on a recent decision from the United States Court of Appeals for the District of Columbia, issued on March 16, 2018 (the “ACA Ruling”) much of the July Declaratory Ruling has been vacated. Although it is possible that decisions of other appellate courts could further change the standards of conduct applicable to the use of automated telephone dialing systems, at present obtaining appropriate consent for auto-dialed calls and properly managing revocations of consent comply with the standard of conduct announced in the ACA Ruling. Violations of the TCPA may be enforced by the FCC or by individuals through litigation, including class actions. Statutory penalties for TCPA violations range from $500 to $1,500 per violation, which has been interpreted to mean per phone call.

In September 2016, an individual brought a putative class action against us under the TCPA alleging we violated the TCPA by sending him a single text message expressing interest in purchasing a vehicle he listed for sale online. The court granted summary judgment in our favor and, following the plaintiff’s appeal, the parties resolved the lawsuit. While we have implemented processes and procedures to comply with the TCPA, if we or the third parties on which we rely for data fail to adhere to or successfully implement appropriate processes and procedures in response to existing or future regulations, it could result in legal and monetary liability, fines, penalties or damage to our reputation in the marketplace, any of which could have a material adverse effect on our business, financial condition

and results of operations. Additionally, any changes to the TCPA, its interpretation, or enforcement of it by the government or private parties that further restrict the way we contact and communicate with our potential customers or generate leads could adversely affect our ability to attract customers and could harm our business, financial condition and results of operations.

Government regulation of the internet and ecommerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business, financial condition and results of operations.

We are subject to general business regulations and laws, as well as regulations and laws specifically governing the internet and ecommerce. Existing and future regulations and laws could impede the growth of the internet, ecommerce or mobile commerce. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, pricing, content protection, electronic contracts and communications, mobile communications, consumer protection, information reporting requirements, unencumbered internet access to our platform, the design and operation of websites and internet neutrality. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the internet as the vast majority of these laws were adopted prior to the advent of the internet and do not contemplate or address the unique issues raised by the internet or ecommerce. It is possible that general business regulations and laws, or those specifically governing the internet or ecommerce, may be interpreted and applied in a manner that is inconsistent from one market segment to another and may conflict with other rules or our practices. For example, federal, state and local regulation regarding privacy, data protection and information security has become more significant, and proposed regulations such as the CCPA may increase our costs of compliance. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. The enactment of new laws and regulations or the interpretation of existing laws and regulations in an unfavorable way may affect the operation of our business, directly or indirectly, which could result in substantial regulatory compliance costs, civil or criminal penalties, including fines, adverse publicity, decreased revenues and increased expenses.

We actively use anonymous online data for targeting ads online and if ad networks are compelled by regulatory bodies to limit use of this data, it could materially affect our ability to do effective performance modeling. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our sites by customers and suppliers and result in the imposition of monetary liability. We also may be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. Adverse legal or regulatory developments could substantially harm our business, our ability to attract new customers may be adversely affected, and we may not be able to maintain or grow our revenue and expand our business as anticipated.

We are subject to risks related to online payment methods.

We accept payments for deposits on our vehicles through a variety of methods, including credit card and debit card. As we offer new payment options to customers, we may be subject to additional regulations, compliance requirements and fraud. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs. We are also subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. As our business changes, we also may be subject to different rules under existing standards, which may

require new assessments that involve costs above what we currently pay for compliance. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card and debit card payments from customers or facilitate other types of online payments. If any of these events were to occur, our business, financial condition and results of operations could be materially adversely affected.

We occasionally receive orders placed with fraudulent credit card data, including stolen credit card numbers, or from clients who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payment obligations. We may suffer losses as a result of orders placed with fraudulent credit card data even if the associated financial institution approved payment of the orders. Under current credit card practices, we may be liable for fraudulent credit card transactions. If we are unable to detect or control credit card or other fraud, our liability for these transactions could harm our business, financial condition and results of operations.

If we do not adequately address our customers' reliance on mobile device technology, our results of operations could be harmed and our growth could be negatively affected.

Vroom.com is a mobile website that consumers can access and utilize from their mobile devices. In addition, we have designed and launched mobile apps (iOS and android) to enhance customers' mobile experience. In light of consumers' shift to mobile technology, our future success depends in part on our ability to provide enhanced functionality for customers who use mobile devices to shop for used vehicles and increase the number of transactions with us that are completed by those users. In the year ended December 31, 2018, approximately 62% of unique visitors to our website were attributable to mobile devices and in the year ended December 31, 2019, this figure grew to approximately 68%. The shift to mobile technology by our users may harm our business in the following ways:

- customers visiting our website from a mobile device may not accept mobile technology as a viable long-term platform to buy or sell a vehicle. This may occur for a number of reasons, including our ability to provide the same level of website functionality to a mobile device that we provide on a desktop computer, the actual or perceived lack of security of information on a mobile device and possible disruptions of service or connectivity;
- we may be unable to provide sufficient website functionality to mobile device users, which may cause customers using mobile devices to believe that our competitors offer superior products and features;
- problems may arise in developing applications for alternative devices and platforms and the need to devote significant resources to the creation, support and maintenance of such applications; or
- regulations related to consumer finance disclosures, including the Truth in Lending Act and the Fair Credit Reporting Act, may be interpreted, in the context of mobile devices, in a manner which could expose us to legal liability in the event we are found to have violated applicable laws.

If we do not develop suitable functionality for users who visit our website using a mobile device, our business, financial condition and results of operations could be harmed.

Our future growth and profitability relies heavily on the effectiveness and efficiency of our marketing and branding efforts, and these efforts may not be successful.

Because we are a consumer brand, we rely heavily on marketing and advertising to increase brand visibility and attract potential customers. Advertising expenditures are and will continue to be a

significant component of our operating expenses, and there can be no assurance that we will achieve a meaningful ROI on such expenditures. We continue to evolve our marketing strategies, adjusting our messages, the amount we spend on advertising and where we spend it, and no assurance can be given that we will be successful in developing effective messages and in achieving efficiency in our marketing and advertising expenditures. As a result, our future growth and profitability will depend in part on:

- the effectiveness of our national television advertising campaigns;
- the effectiveness of our performance-based digital marketing efforts;
- the effectiveness and efficiency of our online advertising and search marketing programs in generating consumer awareness of, and sales on, our platform;
- our ability to prevent confusion among customers that can result from search engines that allow competitors to use or bid on our trademarks to direct customers to competitors' websites;
- our ability to prevent internet publication of false or misleading information regarding our platform or our competitors' offerings; and
- the effectiveness of our direct-to-consumer advertising to reduce our dependency on third-party aggregation websites.

We currently advertise through a blend of brand and direct advertising channels with the goal of increasing the strength, recognition and trust in the Vroom brand and driving more unique visitors to our platform. Our marketing strategy includes national television campaigns, which we launched in February 2019, and performance marketing through digital platforms, including both auto-centric lead generation platforms and broader consumer-facing platforms. We also strategically use targeted radio campaigns and billboards and other local advertising in key markets, and we are expanding our national marketing efforts featuring Sell Us Your Car®. As such, a significant component of our marketing spend involves the use of various marketing techniques, including programmatic ad-buying, interest targeting, retargeting and email nurturing. Future growth and profitability will depend in part on the cost and efficiency of our promotional advertising and marketing programs and related expenditures, including our ability to create greater awareness of our platform and brand name, to appropriately plan for future expenditures and to drive the promotion of our platform.

Additionally, our business model relies on our ability to grow rapidly and to decrease incremental customer acquisition costs as we grow. If we are unable to recover our marketing costs through increases in customer traffic and incremental sales, if our advertising partners refuse to work with us at competitive rates or at all, or if our broad marketing campaigns are not successful or are terminated, our growth may suffer and our business, financial condition and results of operations could be materially and adversely affected.

We rely on internet search engines, vehicle listing sites and social networking sites to help drive traffic to our website, and if we fail to appear prominently in the search results or fail to drive traffic through paid advertising, our traffic would decline and our business, financial condition and results of operations could be materially and adversely affected.

We depend in part on internet search engines, such as Google, Bing and Yahoo!, vehicle listing sites and social networking sites such as Facebook and Instagram to drive traffic to our website. Our ability to maintain and increase the number of visitors directed to our platform is not entirely within our control. Our competitors may increase their search engine marketing efforts and outbid us for placement on various vehicle listing sites or for search terms on various search engines, resulting in their websites receiving a higher search result page ranking than ours. Additionally, internet search engines could revise their methodologies in a way that would adversely affect our search result

rankings. If internet search engines modify their search algorithms in ways that are detrimental to us, if vehicle listing sites refuse to display any or all of our inventory in certain geographic locations, or if our competitors' efforts are more successful than ours, overall growth in our customer base could slow or our customer base could decline. Internet search engine providers could provide automotive dealer and pricing information directly in search results, align with our competitors or choose to develop competing services. Our platform has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. We could reach a point of inventory saturation at third-party aggregation websites whereby we will exceed the maximum allowable inventory that will require us to spend greater than market rates to list our inventory. Any reduction in the number of users directed to our platform through internet search engines, vehicle listings sites or social networking sites could harm our business, financial condition and results of operations.

Our business relies on email and other messaging services, and any restrictions on the sending of emails or messages or an inability to timely deliver such communications could materially and adversely affect our business, financial condition and results of operations.

Our business is dependent upon email and other messaging services for promoting our platform and vehicles available for purchase. Promotions offered through email and other messages sent by us are an important part of our marketing strategy. We provide emails to customers and other visitors informing them of the convenience and value of using our platform, as well as updates on new inventory and price updates on listed inventory, and we believe these emails, coupled with our general marketing efforts, are an important part of our customer experience and help generate revenue. If we are unable to successfully deliver emails or other messages to our subscribers, or if subscribers decline to open our emails or other messages, our revenues could be materially and adversely affected. Any changes in how webmail applications organize and prioritize email may reduce the number of subscribers opening our emails. For example, Google's Gmail service has a feature that organizes incoming emails into categories (such as primary, social and promotions). Such categorization or similar inbox organizational features may result in our emails being delivered in a less prominent location in a subscriber's inbox or viewed as "spam" by our subscribers and may reduce the likelihood of that subscriber opening our emails.

In addition, actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages could also adversely impact our business. From time to time, internet service providers or other third parties may block bulk email transmissions or otherwise experience technical difficulties that result in our inability to successfully deliver email or other messages to third parties. Changes in the laws or regulations that limit our ability to send such communications or impose additional requirements upon us in connection with sending such communications could also materially and adversely affect our business, financial condition and results of operations. Our use of email and other messaging services to send communications about our sites or other matters may also result in legal claims against us, which may cause us to incur increased expenses, and if successful might result in fines and orders with costly reporting and compliance obligations or might limit or prohibit our ability to send emails or other messages. We also rely on social networking messaging services to send communications and to encourage customers to send communications. Changes to the terms of these social networking services to limit promotional communications, any restrictions that would limit our ability or our customers' ability to send communications through their services, disruptions or downtime experienced by these social networking services or decline in the use of or engagement with social networking services by customers and potential customers could materially and adversely affect our business, 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.

We expect our quarterly results of operations, including our revenue, gross profit and cash flow to vary significantly in the future based in part on, among other things, vehicle-buying patterns. Vehicle sales generally exhibit seasonality with an increase in sales early in the year that reaches its highest point late in the first quarter and early in the second quarter, which then levels off through the rest of the year with the lowest level of sales in the fourth quarter. This seasonality historically corresponds with the timing of income tax refunds, which can provide a primary source of funds for customers' payments on used vehicle purchases. Used vehicle prices also exhibit seasonality, with used vehicles depreciating at a faster rate in the last two quarters of each year and a slower rate in the first two quarters of each year.

Other factors that may cause our quarterly results to fluctuate include, without limitation:

- our ability to attract new customers;
- our ability to generate sales of value-added products;
- changes in the competitive dynamics of our industry;
- the regulatory environment;
- expenses associated with unforeseen quality issues;
- macroeconomic conditions;
- our ability to maintain sufficient inventory of desirable vehicles;
- seasonality of the automotive industry and third-party aggregation websites on which we rely;
- changes that impact disposable income, including changes that impact the timing or amount of income tax refunds; and
- litigation or other claims against us.

In addition, a significant portion of our expenses are fixed and do not vary proportionately with fluctuations in revenues. As a result of these seasonal fluctuations, our results in any quarter may not be indicative of the results we may achieve in any subsequent quarter or for the full year, and period-to-period comparisons of our results of operations may not be meaningful.

We participate in a highly competitive industry, and pressure from existing and new companies may adversely affect our business and results of operations.

Our current and future competitors may include:

- traditional new and used car dealerships;
- large, national car dealers, such as CarMax and AutoNation, which are expanding into online sales, including "omni-channel" offerings;
- used car dealers or marketplaces that currently have existing ecommerce businesses or online platforms, such as Carvana;
- the peer-to-peer market, utilizing sites such as Facebook, Craigslist.com, eBay Motors and Nextdoor.com; and
- sales by rental car companies directly to consumers of used vehicles which were previously utilized in rental fleets, such as Hertz Car Sales and Enterprise Car Sales.

Internet and online automotive sites could change their models to directly compete with us, such as Google, Amazon, AutoTrader.com, Edmunds.com, KBB.com, Autobytel.com, TrueCar.com, CarGurus and Cars.com. In addition, automobile manufacturers such as General Motors, Ford and Volkswagen could change their sales models to better compete with our model through technology and infrastructure investments. While such enterprises may change their business models and endeavor to compete with us, the purchase and sale of used vehicles through ecommerce presents unique challenges.

Our competitors also compete in the online market through companies that provide listings, information, lead generation and car buying services designed to reach customers and enable dealers to reach these customers and providers of offline, membership-based car buying services such as the Costco Auto Program.

We also expect that new competitors will continue to enter the traditional and ecommerce automotive retail industry with competing brands, business models and products and services, which could have an adverse effect on our revenue, business and financial results. For example, traditional car dealers could transition their selling efforts to the internet, allowing them to sell vehicles across state lines and compete directly with our online offering and no-negotiating pricing model.

Our current and potential competitors may have significantly greater financial, technical, marketing and other resources than we have, and the ability to devote greater resources to the development, promotion and support of their businesses, platforms, and related products and services. Additionally, they may have more extensive automotive industry relationships, longer operating histories and greater name recognition than we have. As a result, these competitors may be able to respond more quickly to consumer needs with new technologies and to undertake more extensive marketing or promotional campaigns. If we are unable to compete with these companies, the demand for our used vehicles and value-added products could substantially decline.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our business, financial condition and results of operations. Furthermore, if our competitors develop business models, products or services with similar or superior functionality to our platform, it may adversely affect our business. Additionally, our competitors could use their political influence and increase lobbying efforts to encourage new regulations or interpretations of existing regulations that would prevent us from operating in certain markets.

Changes in the auto industry may threaten our business model if we are unable to adapt.

The market for used vehicles may be impacted by the significant, and likely accelerating, changes to the broader automotive industry, which may render our existing or future business model or our ability to sell vehicles, products and services less competitive, unmarketable or obsolete. For example, technology is currently being developed to produce automated, driverless vehicles that could reduce the demand for, or replace, traditional vehicles, including the used vehicles that we acquire and sell. Additionally, ride-hailing and ride-sharing services are becoming increasingly popular as a means of transportation and may decrease consumer demand for the used vehicles we sell, particularly as urbanization increases. Furthermore, new technologies such as autonomous driving software have the potential to change the dynamics of car ownership in the future. If we are unable to or otherwise fail to successfully adapt to such industry changes, our business, financial condition and results of operations could be materially and adversely affected.

Prospective purchasers of vehicles may choose not to shop online, which would prevent us from growing our business.

Our success will depend, in part, on our ability to attract additional customers who have historically purchased vehicles through traditional dealers. The online market for vehicles is significantly less developed than the online market for other goods and services such as books, music, travel and other consumer products. If this market does not gain widespread acceptance, our business may suffer. Furthermore, we may have to incur significantly higher and more sustained advertising and promotional expenditures or offer more incentives than we currently anticipate in order to attract additional consumers to our platform and convert them into purchasing customers. Specific factors that could prevent consumers from purchasing vehicles through our ecommerce platform include:

- concerns about buying vehicles without face-to-face interaction with sales personnel and the ability to physically test-drive and examine vehicles;
- preference for a more personal experience when purchasing vehicles;
- insufficient level of desirable inventory;
- pricing that does not meet consumer expectations;
- delayed deliveries;
- inconvenience with returning or exchanging vehicles purchased online;
- concerns about the security of online transactions and the privacy of personal information; and
- usability, functionality and features of our platform.

If the online market for vehicles does not continue to develop and grow, our business will not grow and our business, financial condition and results of operations could be materially and adversely affected.

General business and economic conditions, and risks related to the larger automotive ecosystem, including consumer demand, could reduce our sales and profitability, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is affected by general business and economic conditions. The global economy often experiences periods of instability, and this volatility may result in reduced demand for our vehicles and value-added products, reduced spending on vehicles, inability of customers to obtain credit to finance purchases of vehicles and decreased consumer confidence to make discretionary purchases. Consumer purchases of new and used vehicles generally decline during recessionary periods and other periods in which disposable income is adversely affected.

Purchases of new and used vehicles are typically discretionary for consumers and have been, and may continue to be, affected by negative trends in the economy and other factors, including rising interest rates, the cost of energy and gasoline, the availability and cost of consumer credit, reductions in consumer confidence and fears of recession, stock market volatility, increased regulation and increased unemployment. Increased environmental regulation has made, and may in the future make, used vehicles more expensive and less desirable for consumers.

In addition, changing trends in consumer tastes, negative business and economic conditions and market volatility may make it difficult for us to accurately forecast vehicle demand trends, which could cause us to increase our inventory carrying costs and could materially and adversely affect our business, financial condition and results of operations.

Our business is sensitive to conditions affecting automotive manufacturers, including manufacturer recalls.

Adverse conditions affecting one or more automotive manufacturers could have a material adverse effect on our business, financial condition and results of operations and could impact our supply of used vehicles. In addition, manufacturer recalls are a common occurrence that have accelerated in frequency and scope in recent years. In the instance of an open recall, we may have to temporarily remove vehicles from inventory and may be unable to liquidate such inventory in a timely manner or at all. Because we do not have manufacturer authorization to complete recall-related repairs, some vehicles we sell may have unrepaired safety recalls. Such recalls, and our lack of authorization to make recall-related repairs or potential unavailability of parts needed to make such repairs, could (i) adversely affect used vehicle sales or valuations, (ii) cause us to temporarily remove vehicles from inventory, (iii) cause us to sell any affected vehicles at a loss, (iv) force us to incur increased costs and (v) expose us to litigation and adverse publicity related to the sale of recalled vehicles, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to the risk of natural disasters, adverse weather events and other catastrophic events, and to interruption by manmade problems such as terrorism.

Our business is vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, global pandemics, human errors and similar events. The third-party systems and operations on which we rely are subject to similar risks. For example, a significant natural disaster, such as an earthquake, fire or flood, could have an adverse effect on our business, financial condition and operating results, and our insurance coverage may be insufficient to compensate us for losses that may occur. Acts of terrorism could also cause disruptions in our businesses, consumer demand or the economy as a whole. We may not have sufficient protection or recovery plans in some circumstances, such as if a natural disaster affects locations that store a significant amount of our inventory vehicles. As we rely heavily on our computer and communications systems and the internet to conduct our business and provide high-quality customer service, any disruptions could negatively affect our ability to run our business, which could have an adverse effect on our business, financial condition, and operating results.

Our insurance may not provide adequate levels of coverage against claims.

We believe that we maintain insurance customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Moreover, any loss incurred could exceed policy limits and policy payments made to us may not be made on a timely basis. For example, insurance we maintain against liability claims may not continue to be available on terms acceptable to us and such coverage may not be adequate to cover the types of liabilities actually incurred. A successful claim brought against us, if not fully covered by available insurance coverage, could materially and adversely affect our business, financial condition and results of operations.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our results of operations.

Our success will depend, in part, on our ability to grow our business in response to the demands of consumers and other constituents within the automotive industry, as well as competitive pressures. Although we have no plans to do so currently, in some circumstances, we may determine to grow our business through the acquisition of complementary businesses and technologies rather than through

internal development. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisitions. The risks we face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of technology, research and development and sales and marketing functions;
- transition of the acquired company's users to our platform;
- retention of employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, policies and procedures at a business that, prior to the acquisition, may have lacked effective controls, policies and procedures;
- potential write-offs of intangibles or other assets acquired in such transactions that may have an adverse effect our results of operations;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities and otherwise harm our business. Future acquisitions also could result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses, any of which could harm our financial condition. Also, the anticipated benefits of any acquisitions may not materialize. Any of these risks, if realized, could materially and adversely affect our business, financial condition and results of operations.

We depend on key personnel to operate our business, and if we are unable to retain, attract and integrate 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 attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our key employees or senior management, including our Chief Executive Officer, Paul J. Hennessy, could materially and adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. 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. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business, financial condition and results of operations could be materially and adversely affected.

We rely on third-party technology and information systems to complete critical business functions. If that technology fails to adequately serve our needs, and we cannot find alternatives, it may negatively impact our business, financial condition and results of operations.

We rely on third-party technology for certain of our critical business functions, including customer identity verification for financing, transportation fleet telemetry, network infrastructure for hosting our website and inventory data, software libraries, development environments and tools, services to allow customers to digitally sign contracts and customer experience center management. Our business is dependent on the integrity, security and efficient operation of these systems and technologies. Our systems and operations or those of our third-party vendors and partners could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry, computer viruses, denial-of-service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency, bankruptcy and similar events. The failure of these systems to perform as designed, the failure to maintain or update these systems as necessary, the vulnerability of these systems to security breaches or attacks or the inability to enhance our information technology capabilities, and our inability to find suitable alternatives could disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

Our platform utilizes open-source software, and any defects or security vulnerabilities in the open-source software could negatively affect our business.

Our platform employs open-source software, and we expect to use open-source software in the future. To the extent that our platform depends upon the successful operation of open-source software, any undetected errors or defects in this open-source software could prevent the deployment or impair the functionality of our platform, delay the introduction of new solutions, result in a failure of our platform and injure our reputation. For example, undetected errors or defects in open-source software could render it vulnerable to breaches or security attacks, and, in conjunction, make our systems more vulnerable to data breaches.

In addition, the terms of various open-source licenses have not been interpreted by United States courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our platform. Some open-source licenses might require us to make our source code available at no cost or require us to make our source code publicly available for modifications or derivative works if our source code is based upon, incorporates, or was created using the open-source software to license such source code under the terms of the particular open-source license. While we try to insulate our proprietary code from the effects of such open-source license provisions, we cannot guarantee we will be successful. In addition to risks related to open-source license requirements, usage of open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with usage of open-source software cannot be eliminated and could materially and adversely affect our business, financial condition and results of operations.

Failure to adequately protect our intellectual property, technology and confidential information could harm our business, financial condition and results of operations.

The protection of intellectual property, technology and confidential information is crucial to the success of our business. We rely on a combination of trademark, trade secret and copyright law, as well as contractual restrictions, to protect our intellectual property (including our brand, technology and confidential information). While it is our policy to protect and defend our rights to our intellectual property, we cannot predict whether steps taken by us to protect our intellectual property will be

adequate to prevent infringement, misappropriation, dilution or other violations of our intellectual property rights. We also cannot guarantee that others will not independently develop technology that has the same or similar functionality as our technology. Unauthorized parties may also attempt to copy or obtain and use our technology to develop competing solutions, and policing unauthorized use of our technology and intellectual property rights may be difficult and may not be effective. Furthermore, we may face claims of infringement of third-party intellectual property that could interfere with our ability to market, promote and sell our brands, products and services. Any litigation to enforce our intellectual property rights or defend ourselves against claims of infringement of third-party intellectual property rights could be costly, divert attention of management and may not ultimately be resolved in our favor. Moreover, if we are unable to successfully defend against claims that we have infringed the intellectual property rights of others, we may be prevented from using certain intellectual property and may be liable for damages, which in turn could materially adversely affect our business, financial condition or results of operations.

As part of our efforts to protect our intellectual property, technology and confidential information, we require certain of our employees and consultants to enter into confidentiality and assignment of inventions agreements, and we also require certain third parties to enter into nondisclosure agreements. These agreements may not effectively grant all necessary rights to any inventions that may have been developed by our employees and consultants. In addition, these agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property or technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our website features, software and functionality or obtain and use information that we consider proprietary. Changes in the law or adverse court rulings may also negatively affect our ability to prevent others from using our technology.

We are currently the registrant of the vroom.com and texasdirectauto.com internet domain names and various other related domain names. The regulation of domain names in the United States is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain domain names that are important for our business.

In addition, we have certain trademarks that are important to our business, such as the Vroom® and Sell Us Your Car® trademarks. If we fail to adequately protect or enforce our rights under these trademarks, we may lose the ability to use those trademarks or to prevent others from using them, which could adversely harm our reputation and our business, financial condition and results of operations. While we are actively seeking, and have secured registration of several of our trademarks in the U.S. and other jurisdictions, it is possible that others may assert senior rights to similar trademarks, in the U.S. and internationally, and seek to prevent our use and registration of our trademarks in certain jurisdictions. Our pending trademark or service mark applications may not result in such marks being registered.

While software can be protected under copyright law, we have chosen not to register any copyrights in these works, and instead, primarily rely on trade secret law to protect our proprietary software. In order to bring a copyright infringement lawsuit in the United States, the copyright must be registered. Accordingly, the remedies and damages available to us for unauthorized use of our software may be limited. Our trade secrets, know-how and other proprietary materials may be revealed to the public or our competitors or independently developed by our competitors and no longer provide protection for the related intellectual property. Furthermore, our trade secrets, know-how and other proprietary materials may be revealed to the public or our competitors or independently developed by our competitors and no longer provide protection for the related intellectual property.

We may be subject to claims asserting that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the creation or development of intellectual property on our behalf to execute agreements assigning such intellectual property to us, we may be unsuccessful in having all such employees and contractors execute such an agreement. The assignment of intellectual property may not be self-executing or the assignment agreement may be breached, and we may be forced to bring claims against third parties or defend claims that they may bring against us to determine the ownership of what we regard as our intellectual property.

A significant disruption in service on our platform could damage our reputation and result in a loss of customers, which could harm our brand or our business, financial condition and results of operations.

Our brand, reputation and ability to attract customers depend on the reliable performance of our platform and the supporting systems, technology and infrastructure. We may experience significant interruptions to our systems in the future. Interruptions in these systems, whether due to system failures, programming or configuration errors, computer viruses or physical or electronic break-ins, could affect the availability of our inventory on our platform and prevent or inhibit the ability of customers to access our platform. Problems with the reliability or security of our systems could harm our reputation, result in a loss of customers and result in additional costs.

Our data center is located at a facility in Houston, Texas, which connects all of our offices and our Vroom VRC. Our data center is vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes and similar events. The occurrence of any of these events could render communications between Vroom offices inoperable and impact our ability to list and sell vehicles through our platform.

Problems faced by our third-party web-hosting providers, including AWS and Google Cloud, could inhibit the functionality of our platform. For example, our third-party web-hosting providers could close their facilities without adequate notice or suffer interruptions in service caused by cyber-attacks, natural disasters or other phenomena. Disruption of their services could cause our website to be inoperable and could have a material adverse effect on our business, financial condition and results of operations. Any financial difficulties, up to and including bankruptcy, faced by our third-party web-hosting providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. In addition, if our third-party web-hosting providers are unable to keep up with our growing capacity needs, our business, financial condition and results of operations could be harmed.

Any errors, defects, disruptions, or other performance or reliability problems with our platform could interrupt our customers' access to our inventory and our access to data that drives our inventory

purchase operations, which could harm our reputation or our business, financial condition and results of operations.

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. See “Business—Legal Proceedings.”

We may be limited in our ability to utilize, or may not be able to utilize, net operating loss carryforwards to reduce our future tax liability.

As of December 31, 2019 we had U.S. federal net operating loss (“NOL”) carryforwards of $312.8 million, the utilization of which may be limited annually due to certain change in ownership provisions of Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”). Our U.S. federal NOL carryforwards will begin to expire in 2034. Please refer to Note 15 to our consolidated financial statements appearing elsewhere in this prospectus for a further discussion of the carryforward of our NOLs. As of December 31, 2019, we maintain a full valuation allowance of $75.0 million for our net deferred tax assets.

An “ownership change” (generally defined as greater than 50-percentage-point cumulative changes in the equity ownership of certain stockholders over a rolling three-year period) under Section 382 of the Code may limit our ability to utilize fully our pre-change NOL carryforwards to reduce our taxable income in periods following the ownership change. In general, an ownership change would limit our ability to utilize U.S. federal NOL carryforwards to an amount equal to the aggregate value of our equity at the time of the ownership change multiplied by a specified tax-exempt interest rate, subject to increase by certain built-in gains. Similar provisions of state tax law may also apply to our state NOL carryforwards. We believe we have undergone an ownership change for purposes of Section 382 of the Code in each of 2013, 2014 and 2015, which substantially limits our ability to use U.S. federal NOL carryforwards generated prior to each such ownership change. In addition, future changes in our stock ownership, some of which may be beyond our control, could result in additional ownership changes under Section 382 of the Code.

We may need to recognize impairment charges related to goodwill, identified intangible assets and fixed assets.

We are required to test goodwill and any other intangible asset with an indefinite life for possible impairment on the same date each year and on an interim basis if there are indicators of a possible impairment. There is significant judgment required in the analysis of a potential impairment of goodwill, identified intangible assets and other long-lived assets. If, as a result of a general economic slowdown or deterioration in one or more of the markets in which we operate or in our financial performance or future outlook, or if the estimated fair value of our long-lived assets decreases, we may determine that one or more of our long-lived assets is impaired. An impairment charge would be determined based on

the estimated fair value of the assets and any such impairment charge could have a material adverse effect on our business, financial condition and results of operations.

Tax matters could impact our results of operations and financial condition.

We are subject to U.S. federal income tax, as well as income tax in certain states. Our provision for income taxes and cash tax liability in the future could be adversely affected by numerous factors including, changes in tax laws, regulations, accounting principles or interpretations thereof, which could materially and adversely impact our cash flows and our business, financial condition and results of operations in future periods. Increases in our effective tax rate could also materially affect our net results. The Tax Cuts and Jobs Act (the "TCJA"), which was enacted in 2017, significantly reformed the Code. The TCJA, among other things, contained significant changes to corporate taxation, including a reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitations on the deduction for NOL carryforwards and the elimination of NOL carrybacks, in each case, for losses generated after December 31, 2017 (though any such NOLs may be carried forward indefinitely), and limitations on deductions for interest expense. The consolidated financial statements contained herein reflect the effects of the TCJA based on current guidance. However, there remain uncertainties and ambiguities in the application of certain provisions of the TCJA, and, as a result, we made certain judgments and assumptions in the interpretation thereof. The U.S. Treasury Department and the Internal Revenue Service (the "IRS"), may issue further guidance on how the provisions of the TCJA will be applied or otherwise administered that differs from our current interpretation. In addition, the TCJA could be subject to potential amendments and technical corrections, any of which could materially lessen or increase certain adverse impacts of the legislation on us. Further, we are subject to the examination of our income and other tax returns by the IRS and state and local tax authorities, which could have an impact on our business, financial condition and results of operations.

Our level of indebtedness could have a material adverse effect on our ability to generate sufficient cash to fulfil our obligations under such indebtedness, to react to changes in our business and to incur additional indebtedness to fund future needs.

As of March 31, 2020, we had outstanding $165.2 million aggregate principal amount of borrowings under our 2020 Vehicle Floorplan Facility (as defined in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Vehicle Financing"). Our interest expense was $2.8 million for the quarter ended March 31, 2020.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our current or future debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis or failure to comply with certain restrictions in our debt instruments would result in a default under our debt instruments. In the event of a default under any of our current or future debt instruments, the lenders could elect to declare all amounts outstanding under such debt instruments to be due and payable. Furthermore, our 2020 Vehicle Floorplan Facility, which replaces our prior Vehicle Floorplan Facility, restricts our ability to dispose of assets and/or use the proceeds from the disposition. We may not be able to consummate any such dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

In addition, our indebtedness under our 2020 Vehicle Floorplan Facility bears interest at variable rates. Because we have variable rate debt, fluctuations in interest rates may affect our cash flows or

business, financial condition and results of operations. We may attempt to minimize interest rate risk and lower our overall borrowing costs through the utilization of derivative financial instruments, primarily interest rate swaps.

We currently rely on an agreement with a single lender to finance our vehicle inventory purchases under our 2020 Vehicle Floorplan Facility. If our relationship with this lender were to terminate, and we fail to acquire alternative sources of funding to finance our vehicle inventory purchases, we may be unable to maintain sufficient inventory, which would adversely affect our business, financial condition and results of operations.

We rely on a revolving credit agreement with a single lender to finance our vehicle inventory purchases under our 2020 Vehicle Floorplan Facility. Outstanding borrowings are due as financed vehicles are sold, and the 2020 Vehicle Floorplan Facility is secured by our vehicle inventory and certain other assets. If we are unable to maintain our 2020 Vehicle Floorplan Facility, which expires in March 2021 absent renewal, on favorable terms or at all, or if the agreement is terminated or expires and is not renewed with our existing third-party lender or we are unable to find a satisfactory replacement, our inventory supply may decline, resulting in fewer vehicles available for sale on our website. Moreover, new funding arrangements may be at higher interest rates or subject to other less favorable terms. These financing risks, in addition to potential rising interest rates and changes in market conditions, if realized, could negatively impact our business, financial condition and results of operations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Vehicle Financing.”

Risks Related to this Offering and Ownership of Our Common Stock

Our management team will have immediate and broad discretion over the use of the net proceeds from this offering and may not use them effectively.

We currently intend to use the net proceeds from this offering for general corporate purposes, including advertising and marketing, technology development, working capital, operating expenses and capital expenditures. We also may use the net proceeds to potentially acquire or invest in businesses, products, services or technologies; however, we do not have agreements or commitments for any material acquisitions or investments at this time. See “Use of Proceeds.” Our management will have broad discretion in the application of the net proceeds. Our stockholders may not agree with the manner in which our management chooses to allocate the net proceeds from this offering. The failure by our management to apply these funds effectively could have a material adverse effect on our business, financial condition and results of operation. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income. The decisions made by our management may not result in positive returns on your investment and you will not have an opportunity to evaluate the economic, financial or other information upon which our management bases its decisions.

Our common stock price may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the initial public offering price.

Prior to this offering, there has not been a public trading market for shares of our common stock. It is possible that after this offering an active trading market will not develop or continue or, if developed, that any market will be sustained, which could make it difficult for you to sell your shares of common stock at an attractive price or at all. The initial public offering price of our common stock will be determined by negotiations between us and the representatives of the underwriters based upon a number of factors and may not be indicative of prices that will prevail in the open market following the

consummation of this offering. See “Underwriting.” Consequently, you may not be able to sell our shares of common stock at prices equal to or greater than the price you paid in this offering.

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

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry compared to market expectations;
- conditions that impact demand for our offerings and platform, including demand in the automotive industry generally and the performance of the third parties through whom we conduct significant parts of our business;
- future announcements concerning our business or our competitors’ businesses;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- the market’s reaction to our reduced disclosure and other requirements as a result of being treated as an “emerging growth company” under the JOBS Act;
- 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 growth strategy;
- 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;
- issuances, exchanges or sales, or expected issuances, exchanges or sales of our capital stock;
- changes in our dividend policy;
- adverse resolution of new or pending litigation or other claims against us; and
- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, global pandemics, acts of war 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 initial public offering price or at all. 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.

We do not intend to pay dividends on our common stock for the foreseeable future.

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our business prospects, results of operations, financial condition, cash requirements and availability,

industry trends and other factors that our board of directors may deem relevant. Any such decision also will be subject to compliance with contractual restrictions and covenants in the agreements governing our current indebtedness. In addition, we may incur additional indebtedness, the terms of which may further restrict or prevent us from paying dividends on our common stock. As a result, you may have to sell some or all of your common stock after price appreciation in order to generate cash flow from your investment, which you may not be able to do. Our inability or decision not to pay dividends could also adversely affect the market price of our common stock.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our amended and restated certificate of incorporation will authorize us to issue one or more series of preferred stock. Our board of directors will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our common stock.

The issuance by us of additional shares of common stock or convertible securities may dilute your ownership of us and could adversely affect our stock price.

In connection with this offering, we intend to file a registration statement with the SEC on Form S-8 providing for the registration of shares of our common stock issued or reserved for issuance under the 2020 Incentive Award Plan (“2020 Plan”). Subject to the satisfaction of vesting conditions and the expiration of lockup agreements, shares registered under the registration statement on Form S-8 will be available for resale immediately in the public market without restriction. From time to time in the future, we may also issue additional shares of our common stock or securities convertible into common stock pursuant to a variety of transactions, including acquisitions. The issuance by us of additional shares of our common stock or securities convertible into our common stock would dilute your ownership of us and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our common stock.

Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our common stock to decline.

The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Upon completion of this offering, we will have a total of shares of our common stock outstanding (or shares if the underwriters exercise their over-allotment option in full).

All of the shares of common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act (“Rule 144”), may be sold only in compliance with the limitations described in “Shares Eligible for Future Sale.” The remaining outstanding shares of common stock held by our existing owners after this offering will be subject to certain restrictions on resale. We, our executive officers, directors and the holders of substantially all of our outstanding stock will sign

lock-up agreements with the underwriters that will, subject to certain customary exceptions, restrict the sale of the shares of our common stock and certain other securities held by them for 180 days following the date of this prospectus. may, in their sole discretion and at any time without notice, release all or any portion of the shares or securities subject to any such lock-up agreements. See “Underwriting” for a description of these lock-up agreements.

As restrictions on resale end, the market price of our shares of common stock could drop significantly if the holders of such restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

Upon the expiration of the lock-up agreements described above, all such shares will be eligible for resale in the public market, subject, in the case of shares held by our affiliates, to volume, manner of sale and other limitations described in “Shares Eligible for Future Sale.”

Although we ceased to be an “emerging growth company,” we can continue to take advantage of certain reduced disclosure requirements in this registration statement, which may make our common stock less attractive to investors.

We ceased to be an emerging growth company as defined in the JOBS Act on December 31, 2019, because our annual revenue for the fiscal year ended December 31, 2019 exceeded $1.07 billion. However, because we ceased to be an emerging growth company after we confidentially submitted our registration statement related to this offering to the SEC, we will be treated as an emerging growth company for certain purposes until the earlier of the date on which we complete this offering and December 31, 2020. As such, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including reduced disclosure obligations regarding the provision of selected financial data and executive compensation arrangements. We cannot predict if investors will find our common stock less attractive because we have relied on these exemptions. If some investors find our common stock less attractive, there may be less demand for our common stock and the price that some investors are willing to pay for our common stock may decrease.

The obligations associated with being a public company require significant resources and management attention, and we have and will continue to incur increased costs as a result of becoming a public company.

After completion of this offering, as a public company, we will face increased legal, accounting, administrative and other costs and expenses that we did not incur as a private company and which have not been reflected in our historical consolidated financial statements included elsewhere in this prospectus. We have already started to incur, and expect to continue to incur, significant costs related to operating as a public company. Upon the completion of this offering, we will be subject to the Exchange Act, the rules and regulations implemented by the SEC, the Sarbanes-Oxley Act, the Wall Street Reform and Consumer Protection Act of 2020 (the “Dodd-Frank Act”), the Public Company Accounting Oversight Board (“PCAOB”) and the rules and standards of the exchange upon which our securities are listed, each of which imposes additional reporting and other obligations on public companies. As a public company, we will be required to, among others:

- prepare, file and distribute annual, quarterly and current reports with respect to our business and financial condition;
- prepare, file and distribute proxy statements and other stockholder communications;
- expand the roles and duties of our Board and committees thereof and management;

- hire additional financial and accounting personnel and other experienced accounting and finance staff with the expertise to address complex accounting matters applicable to public companies;
- institute more comprehensive financial reporting and disclosure compliance procedures;
- involve and retain to a greater degree outside counsel and accountants to assist us with the activities listed above;
- enhance our investor relations function;
- establish new internal policies, including those relating to trading in our securities and disclosure controls and procedures;
- comply with our exchange's listing standards; and
- comply with the Sarbanes-Oxley Act.

These rules and regulations and changes in laws, regulations and standards relating to corporate governance and public disclosure, which have created uncertainty for public companies, have and will continue to increase our legal and financial compliance costs and make some activities more time consuming and costly. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Our investment in compliance with existing and evolving regulatory requirements has and will continue to result in increased administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, the need to establish the corporate infrastructure demanded of a public company may also divert management's attention from implementing our business strategy, which could prevent us from improving our business, financial condition and results of operations. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses.

We also expect that being a public company and complying with applicable rules and regulations will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers.

As a public reporting company, we will be subject to rules and regulations established from time to time by the SEC and Nasdaq regarding our internal control over financial reporting. If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results, or report them in a timely manner.

Upon consummation of this offering, we will become a public reporting company subject to the rules and regulations established from time to time by the SEC and Nasdaq. These rules and

regulations will require, among other things, that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company are likely to place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel.

In addition, as a public company, we will be required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting. Section 404(a) of the Sarbanes-Oxley Act ("Section 404(a)") requires that, beginning with our second annual report following our initial public offering, management assess and report annually on the effectiveness of our internal control over financial reporting and identify any material weaknesses in our internal control over financial reporting. Although Section 404(b) requires our independent registered public accounting firm to issue an annual report that addresses the effectiveness of our internal control over financial reporting, we have opted to rely on the exemptions provided in the JOBS Act, and consequently will not be required to comply with SEC rules that implement Section 404(b) until such time as we are no longer treated as an "emerging growth company." We expect our first Section 404(a) assessment will take place for our annual report for the year ending December 31, 2021. We also expect to comply with Section 404(b) at this time.

If our senior management is unable to conclude that we have effective internal control over financial reporting, or to certify the effectiveness of such controls, and our independent registered public accounting firm cannot render an unqualified opinion on management's assessment and the effectiveness of our internal control over financial reporting at such time as it is required to do so, and material weaknesses in our internal control over financial reporting are identified, we could be subject to regulatory scrutiny, a loss of public and investor confidence, and to litigation from investors and stockholders, which could have a material adverse effect on our business and our stock price. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could cause a decline in our common stock price and adversely affect our business, financial condition and results of operations. Failure to comply with the Sarbanes-Oxley Act could potentially subject us to sanctions or investigations by the SEC, the exchange upon which our securities are listed or other regulatory authorities, which would require additional financial and management resources.

We have identified material weaknesses in our internal control over financial reporting. If our remediation of such material weaknesses is not effective, or if we experience additional material weaknesses or otherwise fail to design and maintain effective internal control over financial reporting, our ability to timely and accurately report our financial condition and results of operations or comply with applicable laws and regulations could be impaired, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

As a public company, we will be required to maintain internal control over financial reporting and to evaluate and determine the effectiveness of our internal control over financial reporting. Beginning with our second annual report on Form 10-K following this offering, we will be required to provide a management report on internal control over financial reporting, as well as an attestation of our independent registered public accounting firm.

In connection with the preparation of our consolidated financial statements for the year ended December 31, 2018, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

We did not design or maintain an effective control environment commensurate with our financial reporting requirements. Specifically, we lacked a sufficient complement of personnel with (i) an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately, and (ii) an appropriate level of knowledge and experience to establish effective information technology processes and controls. This material weakness contributed to the following material weaknesses:

- we did not design and maintain adequate controls over the preparation and review of certain account reconciliations and journal entries. Specifically, we did not design and maintain controls to ensure (i) the appropriate segregation of duties in the preparation and review of account reconciliations and journal entries and (ii) account reconciliations and journal entries were reviewed at the appropriate level of precision.
- we did not design and maintain effective controls over certain information technology general controls for information systems and applications that are relevant to the preparation of the consolidated financial statements. Specifically, we did not design and maintain sufficient user and privileged access controls to ensure appropriate segregation of duties and adequate restricted user access to financial applications; program change management controls to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; or computer operations controls as well as testing and approval controls for program development.

The control deficiencies described above did not result in a misstatement to our annual consolidated financial statements. However, each of the material weaknesses described above, if not remediated, could result in a misstatement of one or more account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected, and, accordingly, we determined that these control deficiencies constitute material weaknesses.

We have concluded that these material weaknesses arose because, as a private company, we did not have the necessary business processes, systems, personnel and related internal controls. In the year ended December 31, 2019, we undertook measures to address material weaknesses in our internal controls. In particular, we (i) hired additional finance and accounting personnel with expertise in preparation of financial statements and account reconciliations; (ii) further developed and documented our accounting policies; and (iii) hired a director responsible for implementation of information technology general controls. In addition, we will continue to take steps to remediate these material weaknesses, including:

- continuing to hire, additional qualified accounting, financial reporting and information technology personnel with public company experience;
- providing additional training for our personnel on internal control over financial reporting;
- implementing new financial systems and processes;
- implementing additional review controls and processes and requiring timely account reconciliation and analyses;
- implementing processes and controls to better identify and manage segregation of duties; and
- engaging an external advisor to assist with evaluating and documenting the design and operating effectiveness of internal controls and assisting with the remediation of deficiencies, as necessary.

We cannot assure you that the measures we have taken to date, and that we are continuing to implement, will be sufficient to remediate the material weaknesses we have identified or to avoid the

identification of additional material weaknesses in the future. If the steps we take do not remediate the material weaknesses in a timely manner, there could continue to be a reasonable possibility that these control deficiencies or others could result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected on a timely basis.

The process of designing and implementing internal control over financial reporting required to comply with the disclosure and attestation requirements of Section 404 of the Sarbanes-Oxley Act will be time consuming and costly. If during the evaluation and testing process we identify additional material weaknesses in our internal control over financial reporting or determine that existing material weaknesses have not been remediated, our management will be unable to assert that our internal control over financial reporting is effective. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal control over financial reporting. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected and we could become subject to litigation or investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

Anti-takeover provisions in our governing documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, and depress the market price of our common stock.

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain or will contain provisions that could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Among others, our amended and restated certificate of incorporation and amended and restated bylaws will include the following provisions:

- limitations on convening special stockholder meetings, which could make it difficult for our stockholders to adopt desired governance changes;
- advance notice procedures, which apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders;
- a prohibition on stockholder action by written consent, which means that our stockholders will only be able to take action at a meeting of stockholders;
- a forum selection clause, which means certain litigation against us can only be brought in Delaware;
- no authorization of cumulative voting, which limits the ability of minority stockholders to elect director candidates;
- directors will only be able to be removed for cause;
- certain amendments to our certificate of incorporation will require the approval of two-thirds of the then outstanding voting power of our capital stock;
- our bylaws will provide that the affirmative vote of two-thirds of the then-outstanding voting power of our capital stock, voting as a single class, is required for stockholders to amend or adopt any provision of our bylaws; and
- the authorization of undesignated or “blank check” preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law (the "DGCL"), which prevents interested stockholders, such as certain stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations unless (i) prior to the time such stockholder became an interested stockholder, the board approved the transaction that resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned 85% of the common stock or (iii) following board approval, the business combination receives the approval of the holders of at least two-thirds of our outstanding common stock not held by such interested stockholder.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, and federal district courts will be the sole and exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation will provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders; (c) any action asserting a claim arising pursuant to the DGCL, our amended and restated certificate of incorporation or amended bylaws, or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery of the State of Delaware; or (d) any action asserting a claim governed by the internal affairs doctrine; provided that the exclusive forum provisions will not apply to suits brought to enforce any liability or duty created by Exchange Act or to any claim for which the federal courts have exclusive jurisdiction. Our amended and restated certificate of incorporation will further provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, subject to a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. The choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition and results of operations.

An active trading market for our common stock may never develop or be sustained.

Although the shares of our common stock will be authorized for trading on Nasdaq, an active trading market for our common stock may not develop on that exchange or elsewhere or, if developed, that market may not be sustained. If an active trading market for our common stock does not develop or is not maintained, the liquidity of our common stock, your ability to sell your shares of our common stock when desired and the prices that you may obtain for your shares of common stock will be adversely affected.

If securities analysts do not publish research or reports about our company, or if they issue unfavorable commentary about us or our industry or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock will depend in part on the research and reports that third-party securities analysts publish about our company and our industry. We may be unable to attract research coverage and if one or more analysts cease coverage of our company, we could lose visibility in the market. In addition, one or more of these analysts could downgrade our common stock or issue other negative commentary about our company or our industry. As a result of one or more of these factors, the trading price of our common stock could decline.

If our operating and financial performance in any given period does not meet the guidance that we provide to the public, the market price of our common stock may decline.

We may, but are not obligated to, provide public guidance on our expected operating and financial results for future periods. Any such guidance will be comprised of forward-looking statements subject to the risks and uncertainties described in this prospectus and in our other public filings and public statements. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty. If, in the future, our operating or financial results for a particular period do not meet any guidance we provide or the expectations of investment analysts, or if we reduce our guidance for future periods, the market price of our common stock may decline. Even if we do issue public guidance, there can be no assurance that we will continue to do so in the future.

Investors in this offering will experience immediate and substantial dilution of $ per share.

Based on an assumed initial public offering price of $ per share (the midpoint of the range set forth on the cover of this prospectus), purchasers of our common stock in this offering will experience immediate and substantial dilution of $ per share in the as adjusted net tangible book value per share of common stock from the initial public offering price, and our as adjusted net tangible book value as of March 31, 2020 after giving effect to this offering would be $ per share. This dilution is due in large part to earlier investors having paid substantially less than the initial public offering price when they purchased their shares. See “Dilution.”

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding the offering, liquidity, growth and profitability strategies and factors and trends affecting our business are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions.

The forward-looking statements in this prospectus are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements 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. We believe that these factors include, but are not limited to, the factors set forth under “Risk Factors.” Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, such as the developing situation related to, and uncertainty caused by, the COVID-19 pandemic, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement of which this prospectus forms a part 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.

These forward-looking statements speak only as of the date of this prospectus. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this prospectus after we distribute this prospectus, whether as a result of any new information, future events or otherwise.

MARKET AND INDUSTRY DATA

This prospectus includes estimates regarding market and industry data. Unless otherwise indicated, information concerning our industry and the markets in which we operate, including our general expectations, market position, market opportunity and market size, are based on our management's knowledge and experience in the markets in which we operate, together with currently available information obtained from various sources, including publicly available information, industry reports and publications, surveys, our customers, trade and business organizations and other contacts in the markets in which we operate. Certain information is based on management estimates, which have been derived from third-party sources, as well as data from our internal research, and are based on certain assumptions that we believe to be reasonable.

In presenting this information, we have made certain assumptions that we believe to be reasonable based on such data and other similar sources and on our knowledge of, and our experience to date in, the markets in which we operate. While we believe the estimated market and industry data included in this prospectus are generally reliable, such information, which is derived in part from management's estimates and beliefs, is inherently uncertain and imprecise, and you are cautioned not to give undue weight to such estimates. Market and industry data are subject to change and may be limited by the availability of raw data, the voluntary nature of the data gathering process and other limitations inherent in any statistical survey of such data. In addition, projections, assumptions and estimates of the future performance of the markets in which we operate are necessarily subject to uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the estimates made by third parties and by us. Accordingly, you are cautioned not to place undue reliance on such market and industry data or any other such estimates. The content of, or accessibility through, the sources and websites identified herein, except to the extent specifically set forth in this prospectus, does not constitute a part of this prospectus and are not incorporated herein and any websites are an inactive textual reference only.

"*Net Promoter Score*," or "*NPS*," refers to our net promoter score, which can range from a low of negative 100 to a high of positive 100, that we use to gauge customer satisfaction. NPS benchmarks can vary significantly by industry, but a score greater than zero represents a company having more promoters than detractors. Our methodology of calculating NPS reflects responses from customers who purchase or sell vehicles and products from us and choose to respond to a survey question upon completion of their purchase or sale. In particular, it reflects responses given between March 1, 2020 and March 31, 2020, and reflects a sample size of 1,409 responses over that period. NPS gives no weight to customers who decline to answer the survey question.

Certain monetary amounts, percentages and other figures included in this prospectus have been subject to rounding adjustments. Certain other amounts that appear in this prospectus may not sum due to rounding.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately $ (or approximately $ if the underwriters exercise their over-allotment option to purchase additional shares of our common stock in full), based upon the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

Assuming no exercise of the underwriters' over-allotment option, each $1.00 increase (decrease) in the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount and estimated offering expenses payable by us. Similarly, each 1,000,000 share increase or decrease in the number of shares offered in this offering would increase or decrease the net proceeds that we receive from this offering by approximately $ million, assuming that the price per share for the offering remains at $ (which is the midpoint of the price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for general corporate purposes, including advertising and marketing, technology development, working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in businesses, products, services or technologies; however, we do not have any agreements or commitments for any material acquisitions or investments at this time.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2020, as follows:

- on an actual basis;
- on a pro forma basis to give effect to (i) the Automatic Conversion and (ii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020; and
- on a pro forma as adjusted basis to give effect to the adjustments described in the preceding clause and to reflect the issuance and sale of common stock in this offering at an assumed initial public offering price of $ per share (which is the midpoint of the range set forth on the cover page of this prospectus), after deducting the estimated underwriting discount and estimated offering expenses payable by us, and the application of the net proceeds therefrom as described under “Use of Proceeds.”

Our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus and the “Selected Consolidated Financial and Other Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other financial information contained in this prospectus.

	As of March 31, 2020 (unaudited)		
(in thousands, except share and per share data)	**Actual**	**Pro forma**	**Pro forma as adjusted**
Cash and cash equivalents	$ 169,842	$ 169,842	$
Indebtedness:			
Vehicle Floorplan Facility[1]	$ 165,166	$ 165,166	$
Long-term debt	$ 282	$ 282	
Redeemable convertible preferred stock, $0.001 par value; 43,061,682 shares authorized, actual; 42,766,697 shares issued and outstanding, actual; no shares authorized, pro forma; no shares issued and outstanding, pro forma; no shares authorized, pro forma as adjusted; no shares issued and outstanding, pro forma as adjusted	$ 901,046	$ —	$
Total equity:			
Stockholders’ equity:			
Common Stock, $0.001 par value; 56,721,927 shares authorized, actual; 4,226,848 shares issued and outstanding, actual; shares authorized, pro forma; 46,993,545 shares issued and outstanding, pro forma; shares authorized, pro forma as adjusted shares issued and outstanding, pro forma as adjusted	4	47	
Preferred stock, $0.001 par value; no shares authorized, issued or outstanding, actual; shares authorized and no shares issued or outstanding, pro forma and pro forma as adjusted	—	—	—
Additional paid-in capital	—	901,003	
Accumulated deficit	(616,127)	(616,127)	
Total stockholders’ (deficit) equity	**(616,123)**	**284,923**	
Total capitalization	**$ 450,371**	**$ 450,371**	**$**

1 In March 2020, we entered into a new 2020 Vehicle Floorplan Facility that provides a committed credit line of up to $450.0 million. Approximately $141.3 million was available under the 2020 Vehicle Floorplan Facility as of March 31, 2020.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase or decrease each of cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization on a pro forma as adjusted basis by approximately $ million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

Each 1,000,000 share increase or decrease in the number of shares offered in this offering would increase or decrease each of cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization on a pro forma as adjusted basis by approximately $ million, assuming that the price per share for the offering remains at $ (which is the midpoint of the price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business, and therefore we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our business prospects, results of operations, financial condition, cash requirements and availability, debt repayment obligations, capital expenditure needs, contractual restrictions, covenants in the agreements governing our current and future indebtedness, industry trends, the provisions of Delaware law affecting the payment of dividends and distributions to stockholders and any other factors or considerations our board of directors may regard as relevant.

Our ability to pay dividends may also be restricted by the terms of any credit agreement or any future debt or preferred equity securities of us or our subsidiaries. Accordingly, you may need to sell your shares of our common stock to realize a return on your investment, and you may not be able to sell your shares at or above the price you paid for them. See “Risk Factors—Risks Relating to this Offering and Ownership of Our Common Stock—We do not intend to pay dividends on our common stock for the foreseeable future.”

DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma net tangible book value per share of our common stock after this offering.

Our pro forma net tangible book value as of March 31, 2020 was $ million, or $ per share. Pro forma net tangible book value per share is determined by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of common stock deemed to be outstanding, after giving effect to (i) the Automatic Conversion and (ii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020.

After giving effect to receipt of the net proceeds from our issuance and sale of shares of common stock in this offering at an assumed initial public offering price of $ per share of common stock, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 31, 2020 would have been approximately $ million, or $ per share of common stock. This amount represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders and an immediate dilution in pro forma as adjusted net tangible book value of approximately $ per share to new investors purchasing shares of our common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the estimated offering price that a new investor will pay for a share of common stock. The following table illustrates this dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of March 31, 2020 before this offering	$	
Increase in pro forma as adjusted net tangible book value per share attributable to investors in this offering		
Pro forma as adjusted net tangible book value per share after this offering		$
Dilution in pro forma as adjusted net tangible book value per share to new common stock investors in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by approximately $ per share, and dilution in pro forma as adjusted net tangible book value per share to new investors by approximately $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

Each increase (decrease) of 1,000,000 shares in the number of shares offered in this offering, as set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value after this offering by approximately $ million, or $ per share, and would increase (decrease) the dilution per share to new investors by $ per share, assuming that the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and estimated offering expenses payable by us.

If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value after the offering would be $ per share, the increase in pro forma as adjusted net tangible book value per share to existing stockholders would be $ per share and the dilution in pro forma as adjusted net tangible book value to new investors would be $ per share, in each case assuming an initial public offering price of $ per share, which is the midpoint of the price range listed on the cover page of this prospectus, after deducting the estimated underwriting discount and the estimated offering expenses payable by us.

The following table summarizes, as of March 31, 2020, after giving effect to this offering, the number of shares of common stock purchasable from us, the total consideration payable, or to be paid, to us and the average price per share payable, or to be paid, by existing stockholders and by the new investors. The calculation below is based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discount and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average price per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100%	$	100%	$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the total consideration paid by new investors and the total consideration paid by all stockholders by $ million, assuming the number of shares offered by us remains the same and after deducting the estimated underwriting discount but before estimated offering expenses.

Except as otherwise indicated, the discussion and the tables above assume no exercise of the underwriters' over-allotment option to purchase additional shares of common stock. The number of shares of our common stock outstanding after this offering as shown in the tables above is based on the number of shares outstanding as of March 31, 2020, after giving effect to (i) the Automatic Conversion and (ii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020, and excludes the following:

- shares of common stock reserved for future grant or issuance under our 2020 Plan;
- 80,568 shares of common stock issuable upon the exercise of warrants outstanding as of March 31, 2020 with an exercise price of $1.44 per share;
- 294,985 shares of Series F preferred stock issuable upon the exercise of warrants to purchase Series F preferred stock (which will be exercisable for common stock in lieu of Series F preferred stock following this offering) outstanding as of March 31, 2020 with an exercise price of $17.06 per share;
- shares of common stock issuable upon the exercise of options outstanding as of March 31, 2020, having a weighted average exercise price of $ per share;
- shares of common stock issuable upon settlement of restricted stock units outstanding as of March 31, 2020, having an estimated grant date fair value of $ per share; and
- shares of our common stock subject to restricted stock units granted after March 31, 2020.

To the extent any of these outstanding options are exercised or restricted stock units are settled, there will be further dilution to new investors.

If the underwriters exercise their over-allotment option to purchase additional shares of common stock from us in full:

- the percentage of shares of our common stock held by the existing stockholders will decrease to approximately % of the total number of shares of our common stock outstanding after this offering; and
- the number of shares held by new investors will increase to approximately % of the total number of shares of our common stock outstanding after this offering.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present our selected consolidated financial and other data. We have derived the selected consolidated statements of operations data for the years ended December 31, 2018 and 2019 and the consolidated balance sheet data as of December 31, 2018 and 2019 from our consolidated financial statements included elsewhere in this prospectus. The selected statements of operations data presented below for the three months ended March 31, 2020 and 2019 and the selected consolidated balance sheet data as of March 31, 2020 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on a consistent basis as our audited consolidated financial statements. In the opinion of management, the unaudited data reflects all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the financial information in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the following selected consolidated financial and other data together with the information under the sections titled “Use of Proceeds,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,		Three Months Ended March 31	
	2018	2019	2019	2020
			(unaudited)	
(in thousands, except share and per share data)				
Total revenue	$ 855,429	$ 1,191,821	$ 235,059	$ 375,772
Cost of sales	794,622	1,133,962	223,047	357,385
Total gross profit	60,807	57,859	12,012	18,387
Selling, general and administrative expenses	133,842	184,988	36,583	58,380
Depreciation and amortization	6,857	6,019	1,533	966
Loss from operations	(79,892)	(133,148)	(26,104)	(40,959)
Interest expense	8,513	14,596	2,718	2,826
Interest income	(3,135)	(5,607)	(1,849)	(1,956)
Other (income) expense, net	(321)	673	63	(823)
Loss before provision for income taxes	(84,949)	(142,810)	(27,036)	(41,006)
Provision for income taxes	229	168	103	53
Net loss	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Accretion of redeemable convertible preferred stock	(13,036)	(132,750)	(17,964)	—
Net loss attributable to common stockholders	$ (98,214)	$ (275,728)	$ (45,103)	$ (41,059)
Net loss per share attributable to common stockholders, basic and diluted[1]	$ (23.00)	$ (64.08)	$ (10.51)	$ (9.69)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted[1]	4,270,389	4,302,981	4,289,415	4,235,728
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)[1]		$ (3.10)		$ (0.87)
Pro forma weighted average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)[1]		46,087,295		47,002,425

(in thousands)	As of December 31, 2018	As of December 31, 2019	As of March 31, 2020 (unaudited)
Cash and cash equivalents	$ 161,656	$ 217,734	$ 169,842
Total assets	392,844	563,387	547,083
Long-term debt	24,431	316	282
Total liabilities	170,610	262,907	262,160
Total redeemable convertible preferred stock	519,100	874,332	901,046
Total stockholders' deficit	(296,866)	(573,852)	(616,123)

(in thousands)	As of March 31, 2020 (unaudited)		
	Actual	Pro Forma[2]	Pro Forma As Adjusted[3][4]
Cash and cash equivalents	$ 169,842	$ 169,842	
Total assets	547,083	547,083	
Total liabilities	262,160	262,160	
Total redeemable convertible preferred stock	901,046	—	
Total stockholders' (deficit) equity	(616,123)	284,923	

(1) See Note 17 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our net loss per share attributable to common stockholders, basic and diluted, and unaudited pro forma net loss per share attributable to common stockholders, basic and diluted for the year ended December 31, 2019 and the quarter ended March 31, 2020.

(2) The unaudited pro forma consolidated balance sheet data as of March 31, 2020 presents our consolidated balance sheet data to give effect to (i) the Automatic Conversion and (ii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020.

(3) The unaudited pro forma as adjusted consolidated balance sheet data reflects the items described in footnote (2) above and gives effect to our receipt of estimated net proceeds from the sale of shares of common stock that we are offering by this prospectus at an assumed initial public offering price of $ per share, which is the midpoint of the price range on the cover page of this prospectus, after deducting the estimated underwriting discounts and estimated offering expenses payable by us. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) each of cash and cash equivalents, total assets and total stockholders' deficit by $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discount and estimated offering expenses payable by us. Similarly, each 1,000,000 share increase or decrease in the number of shares offered in this offering would increase or decrease each of each of cash and cash equivalents, total assets and total stockholders' deficit by $ million, assuming that the price per share for the offering remains at $ (which is the midpoint of the price range set forth on the cover page of this prospectus), and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

(4) The unaudited pro forma as adjusted data discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
Key Operating and Financial Metrics:[a]				
Ecommerce units sold	10,006	18,945	3,187	7,930
Vehicle Gross Profit per ecommerce unit	$ 1,666	$ 1,109	$ 1,421	$ 845
Product Gross Profit per ecommerce unit	576	587	385	954
Total Gross Profit per ecommerce unit	$ 2,242	$ 1,696	$ 1,806	$ 1,799
Average monthly unique visitors	291,772	653,216	411,489	947,014
Vehicles available for sale	3,421	4,956	2,963	5,107
Ecommerce average days to sale	59	68	64	68

(a) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Financial Metrics" for information on how we define these key operating and financial metrics.

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 the sections titled "Selected Consolidated Financial and Other Data" and our financial statements and related notes and other information included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the sections titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this prospectus. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Overview

Vroom is an innovative, end-to-end ecommerce platform that is transforming the used vehicle industry by offering a better way to buy and a better way to sell used vehicles. We are deeply committed to creating an exceptional experience for our customers.

We are driving enduring change in the industry on a national scale. We take a vertically integrated, asset-light approach that is reinventing all phases of the vehicle buying and selling process, from discovery to delivery and everything in between. Our platform encompasses:

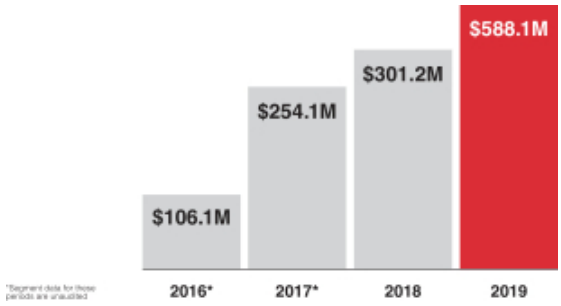
- **Ecommerce:** We offer an exceptional ecommerce experience for our customers. In contrast to legacy dealerships and the peer-to-peer market, we provide consumers with a personalized and intuitive ecommerce interface to research and select from thousands of fully reconditioned vehicles. Our platform is accessible at any time on any device and provides transparent pricing, real-time financing and nationwide contact-free delivery right to a buyer's driveway. For consumers looking to sell or trade in their vehicles, we provide attractive market-based pricing, real-time, guaranteed purchase offers and convenient, contact-free at-home vehicle pick-up.
- **Vehicle Operations:** Our scalable and vertically integrated operations underpin our business model. We strategically source inventory from auctions, consumers, rental car companies and dealers. We improve our ability to acquire high-demand vehicles through enhanced supply science across all our sourcing channels and we are expanding our national marketing efforts to drive consumer sourcing. In our reconditioning and logistics operations, we deploy an asset-light strategy that optimizes a combination of ownership and operation of assets by us with strategic third-party partnerships. This hybrid approach provides flexibility, agility and speed without taking on unnecessary risk and capital investment, and drives improved unit economics and operating leverage.
- **Data Science and Experimentation:** Data science and experimentation are at the core of everything we do. We rely on data science, machine learning and A/B and multivariate testing to continually drive optimization and operating leverage across our ecommerce and vehicle operations. We leverage data to increase the effectiveness of our national brand and performance marketing, enhance the customer experience, analyze market dynamics at scale, calibrate our vehicle pricing and optimize our overall inventory sales velocity. On the operations side, data science and experimentation enables us to fine tune our supply, sourcing and logistics models and to streamline our reconditioning processes.

The U.S. used automotive market is the largest consumer product category, generating approximately $841 billion from sales of approximately 40 million units in 2019. The industry is highly fragmented with over 42,000 dealers and millions of peer-to-peer transactions. It also is ripe for

disruption as an industry that is notorious for consumer dissatisfaction and has one of the lowest levels of ecommerce penetration at only 0.9%. Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030. Our platform, coupled with our national presence and brand, provides a significant competitive advantage versus local dealerships and regional players that lack nationwide reach and scalable technology, operations and logistics. The traditional auto dealers and peer-to-peer market do not and cannot offer consumers what we offer.

In December 2015, we acquired Houston-based Texas Direct Auto, or TDA, which included our proprietary vehicle reconditioning center or Vroom VRC, our sole physical retail location and our Sell Us Your Car® centers. From the launch of our combined operations in January 2016, our business has grown significantly as we have scaled our operations, developed our ecommerce platform and leveraged the network effects inherent in our model. Our ecommerce revenue grew at a 77.0% compound annual growth rate, or CAGR, from 2016 to 2019, including year-over-year growth of 95.3% from 2018 to 2019.

Ecommerce Revenue



For the year ended December 31, 2019, we generated $1.2 billion in total revenue, representing a 39.3% increase over $855.4 million for the year ended December 31, 2018. For the three months ended March 31, 2020, we generated $375.8 million in total revenue, representing a 59.9% increase over $235.1 million for the three months ended March 31, 2019. Our business generated a net loss of $85.2 million, $143.0 million, $27.1 million and $41.1 million for the years ended December 31, 2018 and 2019, and for the three months ended March 31, 2019 and 2020, respectively. We intend to continue to invest in growth to scale our company responsibly and drive towards profitability.

Our Model

We generate revenue through the sale of used vehicles and value-added products. We sell vehicles directly to consumers primarily through our Ecommerce segment. As the largest segment in our business, Ecommerce revenue grew 95.3% from 2018 to 2019 and 159.5% from the three months ended March 31, 2019 to the three months ended March 31, 2020, and we expect Ecommerce to continue to outgrow our other segments as it is the core focus of our growth strategy.

We also sell vehicles through wholesale auctions, which provide a revenue source for vehicles that do not meet our Vroom retail sales criteria. Additionally, we generate revenue through the retail sale of used vehicles and value-added products at TDA. For the year ended December 31, 2019, our Ecommerce, TDA and Wholesale segments represented 49.3%, 32.8% and 17.9% of our total revenue, respectively. For the three months ended March 31, 2020, our Ecommerce, TDA and Wholesale segments represented 62.0%, 23.2% and 14.8% of our total revenue, respectively.

Our retail gross profit consists of two components: Vehicle Gross Profit and Product Gross Profit. Vehicle Gross Profit is calculated as the aggregate retail sales price for all vehicles sold to customers along with delivery fee revenue and document fees received from customers, less the aggregate cost to acquire such vehicles, the aggregate cost of inbound transportation for such vehicles to our vehicle reconditioning centers, which we refer to as VRCs, and the aggregate cost of reconditioning such vehicles for sale. Product Gross Profit consists of fees earned on any value-added products sold as part of a vehicle sale. Because we are paid fees on the value-added products we sell, our gross profit on such products is equal to the revenue we generate. See "—Key Operating and Financial Metrics."

Below is an explanation of how we calculate vehicle gross profit per unit and product gross profit per unit:

Sales Price	Vehicle Selling Price
– Acquisition Price	Vehicle Acquisition Cost
+ Delivery Fees and Doc Fees	Delivery and Document Fees Received from Customer
– Inbound Shipping Cost	Cost of Shipment to Reconditioning Center
– Reconditioning Cost	Spend on Mechanical & Cosmetic Reconditioning to Bring Vehicle Ready for Sale
= Vehicle Gross Profit per Unit	
+ Financing GPPU	Bank Fees Earned from Arranging Customer Financing
+ Value-Added Product GPPU	Fees Earned from Sale of Insurance Products (Gap, Warranty, Tire & Wheel Insurance)
= Product Gross Profit per Unit	
Total Ecommerce GPPU	

Reported KPI

Our profitability depends primarily on increasing unit sales and operating leverage, as well as improving unit economics. We deploy an asset-light strategy that optimizes a combination of ownership and operation of assets by us with strategic third-party partnerships. Our hybrid approach also applies to the third-party value-added products we sell to customers, which enables us to generate additional revenue streams without taking on the risk associated with underwriting vehicle financing or insurance products. As we scale, we expect to benefit from efficiencies and operating leverage across our business, including our marketing and technology investments, and our inventory procurement, logistics, reconditioning and sales processes.

Inventory Sourcing

We source our vehicle inventory from a variety of channels, including auctions, consumers, rental car companies and dealers. Because the quality of vehicles and associated gross margin profile vary across each channel, the mix of inventory sources has an impact on our profitability. We continually evaluate the optimal mix of sourcing channels to generate the highest sales margins and shortest inventory turns, both of which contribute to increased gross profit per unit. We generate a vast set of data derived from market demand, pricing dynamics, vehicle acquisitions and subsequent sales, and we leverage that data to optimize future vehicle acquisitions. As we scale, we expect to continue to leverage the data at our disposal to optimize and enhance the volume and selection of vehicles in our inventory and, in turn, drive revenue growth and profitability. We also intend to pursue third party inventory listings that will expand our sourcing channels through third party sellers while offering us attractive revenue models in an asset light, debt free structure. See "—Key Factors and Trends Affecting our Operating Results—Ability to drive growth by cost effectively increasing the volume and selection of vehicles in our inventory."

Vehicle Reconditioning

Before a vehicle is listed for retail sale on our platform, it undergoes a thorough reconditioning process in order to meet our Vroom retail sales criteria. The efficiency of this reconditioning process is a key element in our ability to profitably grow. To recondition vehicles, we rely on a combination of our Vroom VRC along with a network of VRCs owned and operated by third parties. We intend to continue to expand our network of third-party VRCs and going forward intend to make capital investments in additional Vroom VRCs. Utilizing this hybrid approach, we have increased our total reconditioning capacity from 235 units per day as of March 31, 2019, to 326 units per day as of March 31, 2020, including an increase from 95 units per day to 186 units per day at our third-party VRCs. As we increase the number of vehicles in our inventory and expand our reconditioning capacity, we expect that reconditioning costs per unit will decrease as we benefit from economies of scale and operating leverage in reconditioning costs. See "—Key Factors and Trends Affecting our Operating Results—Ability to expand and optimize our reconditioning capacity to satisfy increasing demand."

Logistics Network

For our logistics operations, we primarily use third-party carriers and are developing a hybrid strategy to build out our proprietary logistics network. Our strategic carrier arrangements with national haulers allows us to efficiently deliver vehicles to customers throughout the United States while focusing on expanding other critical components of our business, such as the volume and selection of vehicles in our inventory. This strategy enhances the flexibility, agility and speed of our growth while reducing the need for additional capital commitments as we scale. As we leverage the experience and data at our disposal from the tens of thousands of deliveries we have completed, we regularly find ways to enhance the efficiencies in our logistics network. See "—Key Factors and Trends Affecting our Operating Results—Ability to expand and develop our logistics network."

Value-Added Products

We generate revenue by earning fees for selling value-added products to customers in connection with vehicle sales. Currently, our third-party value-added product offering consists of finance and insurance products, including financing from third-party lenders for our customers' vehicle purchases, as well as sales of extended warranty contracts, GAP insurance policies and tire and wheel insurance policies. As we scale our business, we intend to introduce additional value-added products that will be attractive to our customers and drive revenue and profitability growth. We expect that both expanded product offerings and increased attachment rates in value-added product sales will have a positive impact on our profitability. See "—Key Factors and Trends Affecting our Operating Results—Ability to increase and better monetize value-added products."

Our Segments

We manage and report operating results through three reportable segments:

- **Ecommerce** (49.3% of 2019 revenue; 62.0% of quarter ended March 31, 2020 revenue): The Ecommerce segment represents retail sales of used vehicles through our ecommerce platform and fees earned on sales of value-added products associated with those vehicle sales.
- **TDA** (32.8% of 2019 revenue; 23.2% of quarter ended March 31, 2020 revenue): The TDA segment represents retail sales of used vehicles from TDA and fees earned on sales of value-added products associated with those vehicle sales.
- **Wholesale** (17.9% of 2019 revenue; 14.8% of quarter ended March 31, 2020 revenue): The Wholesale segment represents sales of used vehicles through wholesale auctions.

Gross profit is defined as revenue less cost of sales for each segment. Reflected below is a summary of reportable segment revenue and reportable segment gross profit for the years ended December 31, 2018 and 2019 and for the three months ended March 31, 2019 and 2020:

	For the Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
	(in thousands)		(in thousands) (unaudited)	
Revenue:				
Ecommerce	$ 301,172	$ 588,114	$ 89,855	$ 233,172
TDA	379,743	390,243	93,085	87,022
Wholesale	174,514	213,464	52,119	55,578
Total revenue	$ 855,429	$ 1,191,821	$ 235,059	$ 375,772
Gross profit:				
Ecommerce	$ 22,425	$ 32,127	$ 5,754	$ 14,267
TDA	35,125	25,392	6,077	5,412
Wholesale	3,257	340	181	(1,292)
Total gross profit	$ 60,807	$ 57,859	$ 12,012	$ 18,387

Key Operating and Financial Metrics

We regularly review a number of metrics, including the following key operating and financial metrics, to evaluate our business, measure our performance, identify trends in our business, prepare financial forecasts and make strategic decisions. We believe these operational measures are useful in evaluating our performance, in addition to our financial results prepared in accordance with U.S. Generally Accepted Accounting Principles, or GAAP. You should read the key operating and financial metrics in conjunction with the following discussion of our results of operations and together with our consolidated financial statements and related notes included elsewhere in this prospectus. We focus heavily on metrics related to unit economics as improved gross profit per unit is a key element of our growth and profitability strategies.

The calculation of our key operating and financial metrics is straightforward and does not rely on significant projections, estimates or assumptions. Nevertheless, each of our key operating and financial metrics has limitations because each focuses specifically on only one standard by which to evaluate our business, without taking into account other applicable standards, performance measures or operating trends by which our business could be evaluated. Accordingly, no single metric should be viewed as the bellwether by which our business should be measured. Rather, each key operating and financial metric should be considered in conjunction with other metrics and components of our results of operations, such as each of the other key operating and financial metrics and our revenues, inventory, loss from operations and segment results.

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
Ecommerce units sold	10,006	18,945	3,187	7,930
Vehicle Gross Profit per ecommerce unit	$ 1,666	$ 1,109	$ 1,421	$ 845
Product Gross Profit per ecommerce unit	576	587	385	954
Total Gross Profit per ecommerce unit	$ 2,242	$ 1,696	$ 1,806	$ 1,799
Average monthly unique visitors	291,772	653,216	411,489	947,014
Vehicles available for sale	3,421	4,956	2,963	5,107
Ecommerce average days to sale	59	68	64	68

Ecommerce Units Sold

Ecommerce units sold is defined as the number of vehicles sold and shipped to customers through our ecommerce platform, net of returns under our Vroom 7-Day Return Policy. Ecommerce units sold excludes sales of vehicles through the TDA and Wholesale segments. As we continue to expand our ecommerce business, we expect that ecommerce units sold will be the primary driver of our revenue growth. Additionally, each vehicle sale through our ecommerce platform also creates the opportunity to leverage such sale to sell value-added products. Continued ecommerce growth will also increase the number of trade-in vehicles acquired from our customers, which we can either recondition and add to our inventory or sell at wholesale auctions.

Vehicle Gross Profit per Ecommerce Unit

Vehicle Gross Profit per ecommerce unit, which we refer to as Vehicle GPPU, for a given period is defined as the aggregate retail sales price and delivery charges for all vehicles sold through our Ecommerce segment less the aggregate costs to acquire those vehicles, the aggregate costs of inbound transportation to the VRCs and the aggregate costs of reconditioning those vehicles in that period, divided by the number of ecommerce units sold in that period. As we continue to expand our ecommerce business, we believe Vehicle GPPU will be a key driver of our long-term profitability.

Product Gross Profit per Ecommerce Unit

Product Gross Profit per ecommerce unit, which we refer to as Product GPPU, for a given period is defined as the aggregate fees earned on sales of value-added products in that period, net of the reserves for chargebacks on such products in that period, divided by the number of ecommerce units sold in that period. Because we are paid fees on the value-added products we sell, our gross profit is equal to the revenue we generate from the sale of value added products. We plan to continue to increase the attachment rates of value-added products and expand our offerings of value-added products which will grow our Product GPPU.

Total Gross Profit per Ecommerce Unit

Total Gross Profit per ecommerce unit, which we refer to as Total GPPU, for a given period is calculated as the sum of Vehicle GPPU and Product GPPU. We view Total GPPU as a key metric of the profitability of our Ecommerce segment.

Average Monthly Unique Visitors

Average monthly unique visitors is defined as the average number of individuals who access our ecommerce platform within a calendar month. We calculate the average monthly unique visitors over any period by dividing the aggregate monthly unique visitors during such period by the number of months in that period. We use average monthly unique visitors to measure the quality of our customer experience, the effectiveness of our marketing campaigns and customer acquisition as well as the strength of our brand and market penetration.

Average monthly unique visitors is calculated using data provided by Google Analytics. The computation of average monthly unique visitors excludes individuals who access our platform multiple times within a calendar month, counting such individuals only one time for purposes of the calculation. If an individual accesses our ecommerce platform using different devices or different browsers on the same device within a given month, the first access through each such device or browser is counted as a separate monthly unique visitor.

Vehicles Available for Sale

We define vehicles available for sale as the aggregate number of vehicles listed for sale on our platform at any given point in time. Vehicles available for sale is a key indicator of our performance because we believe that the number of vehicles listed on our platform is a key driver of vehicle sales and revenue growth. Increasing the number of vehicles listed on our platform results in a greater selection of vehicles for our customers, creating demand and increasing conversion.

Ecommerce Average Days to Sale

We define ecommerce average days to sale as the average number of days between our acquisition of vehicles and the final delivery of such vehicles to customers through our ecommerce platform. We calculate average days to sale for a given period by dividing the aggregate number of days between the acquisition of all vehicles sold through our ecommerce platform during such period and final delivery of such vehicles to customers by the number of ecommerce units sold in that period. Average days to sale excludes vehicles sold through the TDA and Wholesale segments. Average days to sale is an important metric because a reduction in the number of days between the acquisition of a vehicle and the delivery of such vehicle typically results in a higher gross profit per unit.

Impact of COVID-19

During the first quarter of this year, we experienced significant growth in our ecommerce business. Ecommerce units sold and ecommerce revenue increased by 149% and 160%, respectively, year over year. Gross profit per unit was consistent during the same periods.

In March 2020, the World Health Organization declared a global pandemic related to the rapidly growing outbreak of a novel strain of coronavirus known as COVID-19. In the following weeks, many states and counties across the United States responded by implementing a number of measures designed to prevent its spread, including stay-at-home or shelter-in-place orders, quarantines and closure of all non-essential businesses.

Impact on our operations

The COVID-19 pandemic has rapidly escalated in the United States, creating significant uncertainty and economic disruption, and leading to record levels of unemployment nationally. Due to the evolving nature of the COVID-19 crisis, we continue to monitor the situation closely and assess the impact on our business. We expect our operations will continue to be adversely impacted throughout 2020, however, the magnitude and duration of the ultimate impact is impossible to predict with certainty due to:

- uncertainties regarding the duration of the COVID-19 pandemic and the length of time over which the disruptions caused by COVID-19 will continue;
- the impact of governmental orders and regulations that have been, and may in the future be, imposed in response to the pandemic;
- the impact of COVID-19 on VRCs, wholesale auctions, state DMV titling and registration services and other third parties on which we rely;
- the deterioration of economic conditions in the United States, as well as record high unemployment levels, which could have an adverse impact on discretionary consumer spending; and
- uncertainly regarding the potential for a “second wave” of the COVID-19 crisis to occur in the future.

Impact on ecommerce operations

The COVID-19 pandemic began to have an impact on our ecommerce operations during the last three weeks of our fiscal quarter ended March 31, 2020. Between March 11, 2020 and March 31, 2020, we experienced an approximate 15% decrease in total ecommerce revenue due to a decrease in consumer demand as compared to the 20 days prior to March 11, 2020.

Due to the drop in demand in the early days of the crisis, as well as uncertainty regarding future vehicle pricing in both the retail and wholesale markets, we made the strategic decision to quickly reduce our exposure to inventory risk and floorplan liabilities. Commencing in late March, we reduced vehicle prices in order to drive vehicle sales and quickly reduce the amount of inventory that was purchased pre-COVID-19. We also paused all vehicle acquisitions other than trade-ins, and we sold at wholesale auctions many units that had not yet been reconditioned. As a result of these strategic decisions, our total inventory levels went from approximately 8,500 retail and wholesale units as of the beginning of March to approximately 2,500 retail and wholesale units at the end of April. In addition, our inventory floorplan utilization declined from $186.9 million as of March 11, 2020 to $56.7 million as of April 30, 2020.

Due to the inventory price reductions that began in late March, our demand returned to pre-COVID-19 levels, and we experienced robust ecommerce vehicle sales; however, those sales were at a greatly reduced gross profit per unit. During April 2020, we sold 2,880 ecommerce units and gross profit per unit was approximately $1,236, as compared to the 2,771 units we sold at $1,769 gross profit per unit in March 2020. Due to the significant reduction in our inventory through April 30, 2020, we expect material decreases in future unit sales, revenue and gross profit until we are able to return inventory levels to pre-COVID-19 levels. On April 20, 2020, we began to acquire new inventory from both auctions and consumers, with a primary focus on high-demand models that we believe will convert at target margins. We intend to strategically build our inventory levels in the near term to return to and ultimately exceed pre-COVID-19 levels.

Impact on our vehicle reconditioning and our logistics network

The COVID-19 pandemic and the actions taken in response have had a significant impact on our VRC operations. During March and through April 2020, six of our thirteen third-party VRCs were either partially closed or completely closed, which initially resulted in approximately 500 vehicles left either with incomplete reconditioning or no reconditioning across these third-party VRCs. As a result of these closures at our third-party VRCs, we prioritized the reconditioning of vehicles that were near completion, relocated vehicles to third-party VRCs that remained open and listed such vehicles for sale, or sold vehicles at wholesale to minimize the risk of price deterioration. We were able to successfully access and sell most of these stranded vehicles, and only approximately 50 vehicles remain inaccessible as of May 8, 2020. Our Vroom VRC has continued to operate, although at significantly reduced capacity due to our cessation of vehicle purchases. We began purchasing vehicles again on April 20, 2020 and have begun to ramp up our Vroom VRC operations. In addition, as shut-down orders are lifted on a state-by-state basis, we expect our third party VRCs to gradually return to pre-crisis capacity.

We experienced minimal disruption across our logistics network, with only a limited number of third-party providers unavailable to deliver our vehicles and adequate alternative sources remaining available.

Impact on TDA

Commencing on March 24, 2020, counties in the Houston area began to implement stay-at-home or shelter-in-place orders with limited exceptions for essential businesses. Both TDA and our back-office facility in Houston qualified as essential businesses under the relevant ordinances and remained open. However, as a result of the these orders, we saw a significant reduction in foot traffic that caused us to experience an approximate 43% decrease in unit sales between March 11, 2020 and March 31, 2020 as compared to the 20 days prior to March 11, 2020.

Impact on our administrative functions

Most of our corporate, engineering and back office operations have been able to successfully transition to a remote working environment. However, the various shut-down orders have had a significant effect on certain of our back-office functions, such as the titling and registration of vehicles sold to customers, which has been challenged by the temporary closure of state division of motor vehicle offices across the United States. As states and counties continue to lift shut-down orders, we expect to regain efficiencies lost as a result of these closures.

As a result of these developments, we have experienced an adverse impact on our revenue, gross profit, results of operations and cash flows. The situation is fluid and additional impacts to our business may arise.

Management actions in response to the COVID-19 disruptions

In response to the COVID-19 disruptions, in addition to managing our inventory exposure, we have implemented a number of measures to protect the health and safety of our workforce, proactively reduce operating costs, conserve liquidity and position Vroom to emerge from the current crisis in a healthy financial position. These measures include restrictions on non-essential business travel, the institution of work-from-home policies wherever feasible and the implementation of strategies for workplace safety at our facilities that remain open. We are following the guidance from public health officials and government agencies, including implementation of enhanced cleaning measures, social distancing guidelines and wearing of masks. In addition, effective May 3, 2020, approximately one-third of our workforce has been placed on furlough. The majority of furloughed employees are employed in reconditioning, logistics, acquisitions and TDA sales, which are positions most affected by the reduction in unit volume. Furloughed employees remain enrolled in our medical plan through July 31, 2020, and we are paying the current cost of the employee's portion of the medical plan premiums in addition to the employer portion. Additionally, we have instituted an across-the-board salary reduction for our non-furloughed salaried employees, with our CEO forgoing 30% of his salary, each member of our senior leadership team taking a 20% salary reduction, and the balance of the employees experiencing reductions of 5-15% based upon salary levels.

We also have taken measures to reduce operating expenses by negotiating reductions and deferrals in payments to landlords, vehicle listing sites, service providers and commercial vendors, as well as significantly reducing planned marketing expenditures by approximately $3.5 million through the end of May. We expect to gradually increase marketing expenditures commencing in June.

In addition, we have taken several precautionary measures to enhance our customer experience during the pandemic, such as increasing the level of cleaning and sanitation of vehicles prior to making delivery to our customers. Additionally, we adjusted our delivery protocols to provide contact-free delivery and pick up of vehicles.

While our ecommerce business, including contact-free delivery, is continuing to operate nationwide, the COVID-19 crisis has had a significant impact on our business operations. We are unable to accurately predict the ultimate impact that the COVID-19 disruptions will have on our business and financial results going forward due to the uncertainties surrounding the extent, duration and risk of recurrence of such disruptions. Nevertheless, we believe the measures we have taken and will continue to take will position Vroom to emerge from the crisis in a healthy financial position, and that our business model and years of experience with ecommerce vehicle sales and home delivery enable us to be highly responsive to consumers' increased desire for ecommerce solutions and contact-free delivery.

Update on liquidity and outlook

We believe that, upon consummation of this offering, based on our current projections, we will have sufficient liquidity and flexibility to operate during future disruptions caused by COVID-19. As of April 30, 2020, we had $156.4 million in cash and cash equivalents and $280.8 million was available under our 2020 Vehicle Floorplan Facility. We have resumed our vehicle sourcing and acquisition processes from auctions and consumers and are currently building our inventory to take advantage of our position and value proposition in the used automotive market. In response to the COVID-19 disruptions, we expect to continue to actively manage our daily cash flows and evaluate additional measures that will maximize flexibility, reduce operating costs and conserve cash.

We anticipate that there will be enhanced opportunities arising from greater consumer acceptance of our business model as a result of the COVID-19 disruptions, and we also intend to pursue third party inventory listings that will expand our sourcing channels through third party sellers while offering us attractive revenue models in an asset light, debt free structure. Our core business strategy remains intact and, in the post-pandemic environment, we expect to benefit from consumers' increased desire for ecommerce solutions and contact-free delivery.

Impact of COVID-19 on our monthly Ecommerce results

The following table summarizes our financial and other data for January, February, March and April of 2020:

	January 2020	February 2020	March 2020	April 2020
			(unaudited)	
Ecommerce Segment				
Units Sold	2,751	2,408	2,771	2,880
% year-over-year growth	176%	157%	121%	145%
Total Revenue (in millions)	$ 81	$ 70	$ 82	$ 81
% year-over-year growth	172%	151%	155%	136%
Vehicles Available for Sale	4,607	5,252	5,107	1,430
% year-over-year growth	23%	36%	74%	(48)%
Total Gross Profit per Unit	$1,782	$ 1,855	$1,769	$1,236
% year-over-year growth	(8)%	(11)%	19%	(46)%

In January and February 2020, we were able to maintain robust unit and revenue growth while continuing to sequentially improve our total gross profit per unit. During the last three weeks of the quarter ended March 31, 2020, we began to experience a deceleration of growth in units sold and a decline in total gross profit per unit as the COVID-19 pandemic began to have an impact on consumer demand and our ecommerce operations.

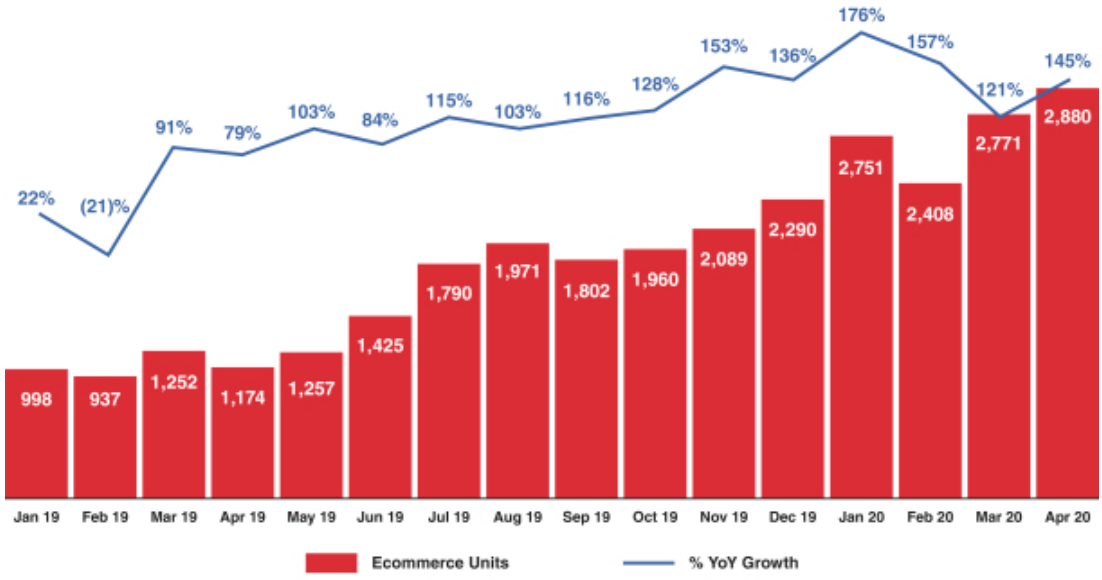
In April 2020, the COVID-19 pandemic continued to have an adverse impact on our business and financial results. The extent to which COVID-19 ultimately impacts our business, financial condition and results of operations will depend on future developments, which are highly uncertain and unpredictable, including new information which may emerge concerning the severity and duration of the COVID-19 outbreak and the effectiveness of actions taken to contain the COVID-19 outbreak or treat its impact, among others. See "Risk Factors—Risks Related to Our Business—The novel coronavirus (COVID-19) pandemic has had and is expected to continue to have an adverse effect on our business, financial condition and results of operations."

Growth in Ecommerce Unit Sales

In 2019, following the successful completion of two test programs that indicated a strong potential for organic, national expansion, we made the strategic decision to begin to aggressively scale our business and accelerate our growth. Since growth is driven by the demand generated by vehicle inventory, we began national marketing in February 2019 and simultaneously began to increase our inventory purchasing across multiple dispersed markets, we expanded shifts and overtime at our Vroom VRC to more rapidly recondition units, and we paid a premium to ship units more quickly nationwide. As a result, we nearly doubled our inventory, doubled our reconditioning capacity and more than doubled our monthly sales in 2019.

The chart below reflects our monthly ecommerce units sold during 2019 and through April 2020, along with the year-over-year growth rate as compared to the same month during the previous year.

Accelerating Ecommerce Growth



Note: Monthly figures represent operational data.

Unit Economic Progression

The significant growth in consumer demand in 2019 exceeded the scale of our vehicle acquisition, logistics and reconditioning infrastructure during that period. By consciously prioritizing growth during the first half of 2019, we put downward pressure on unit economics for the short term, which also coincided with a stronger cycle of price depreciation in the second half of 2019 as compared to the prior year. This resulted in ecommerce GPPU declining from $1,806 and $1,892 in the first and second quarters of 2019, respectively, to $1,577 and $1,626 in the third and fourth quarters of 2019, respectively. Accordingly, in the second half of the year, we began to take measures that would reduce our unit costs while maintaining our growth trajectory for the long term.

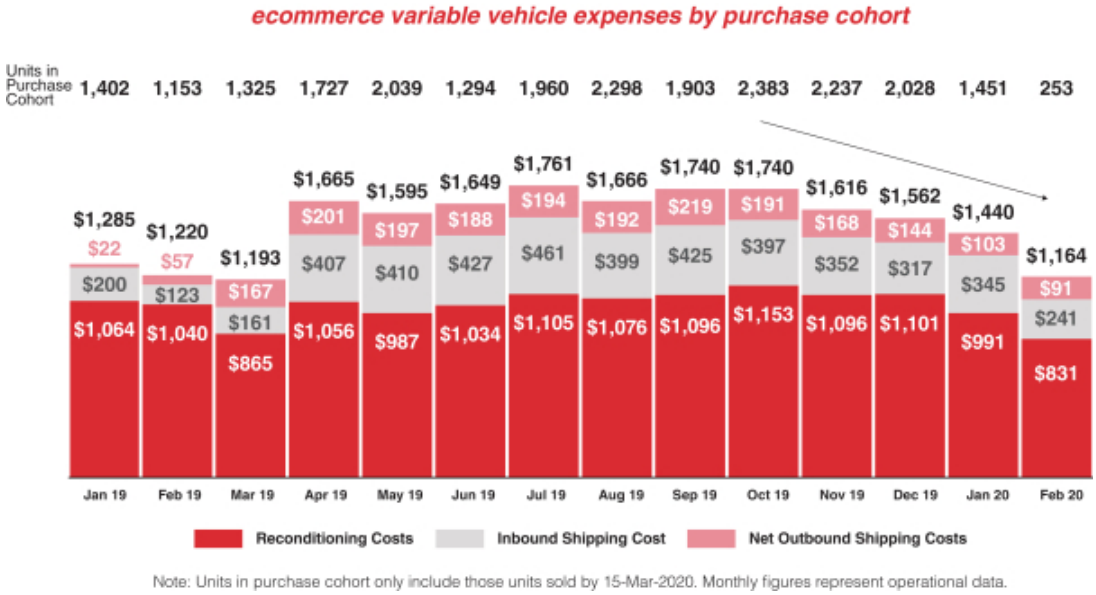
In order to improve our unit economics, we used data to inform and optimize our operations across acquisitions, reconditioning and logistics. We introduced enhanced technology and proprietary algorithms that included an automated pricing tool to inform buying decisions and routing algorithms to

improve logistics efficiency, and we identified locations for expanded third party reconditioning capacity that reduced inbound shipping costs. We also reexamined our reconditioning standards and defect disclosures and adopted refinements that enabled us to reduce costs without reducing customer satisfaction.

In addition to the initiatives designed to improve our gross profit per ecommerce unit, we also entered into new arrangements with our third-party carriers that resulted in reduced outbound shipping costs, thereby reducing our SG&A expense.

The chart below demonstrates the most significant costs associated with a vehicle lifecycle subsequent to purchase, from inbound shipping, to reconditioning, to outbound shipping. Vehicles in each purchase "cohort" represent all vehicles acquired in a particular month that were sold on or prior to March 15, 2020, which we believe is the date as of which the COVID-19 crisis began to meaningfully impact our operations. For example, there were 253 Ecommerce units acquired in the February 2020 cohort that were sold by March 15, 2020. The expenses shown represent the average cost per unit for each cohort of vehicles.

Significant Improvements in Variable Vehicle Expenses



Note: Units in purchase cohort only include those units sold by 15-Mar-2020. Monthly figures represent operational data.

The cost optimizations that we accomplished within a six-month period represent long-term enhancements to our operations that we believe will continue to drive down unit costs. These enhancements resulted in increased operating efficiencies and improved unit economics that demonstrate the significant operating leverage in our business model as it scales.

Other 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:

Ability to drive revenue growth by cost effectively increasing the volume and selection of vehicles in our inventory

Our growth is primarily driven by vehicle sales. Vehicle sales growth, in turn, is largely driven by the volume of inventory and the selection of vehicles listed on our platform. Accordingly, we believe that having the appropriate volume and mix of vehicle inventory is critical to our ability to drive growth.

The continued growth of our vehicle inventory requires a number of important capabilities, including the ability to finance the acquisition of inventory at competitive rates, source high quality vehicles across various acquisition channels nationwide, secure adequate reconditioning capacity and execute effective marketing strategies to increase consumer sourcing. In addition, our ability to accurately forecast pricing and consumer demand for specific types of vehicles is critical to sourcing high quality, high-demand vehicles. This ability is enabled by our data science capabilities that leverage the growing amount of data at our disposal and fine-tune our supply and sourcing models. As we continue to invest in our operational efficiency and data analytics, we expect that we will continue to cost effectively increase the volume and optimize the selection of our ecommerce inventory.

Ability to capitalize on the continued migration of vehicle purchasers to ecommerce platforms through data-driven marketing efforts

While the overall ecommerce penetration rate in used vehicle sales remains low, over the last several years, ecommerce used vehicle sales have experienced significant growth. There has been a shift in consumer buying patterns towards more convenient, personalized, and on-demand purchases, as well as a demand for ecommerce across more diverse categories, including the used vehicle market. We expect that the ecommerce model for buying and selling used vehicles will continue to grow and such growth may be accelerated by the COVID-19 pandemic. Our ability to continue to benefit from this trend will be an important driver of our future performance.

We seek to improve our brand awareness among consumers through national marketing campaigns in order to strengthen our customer acquisition funnel. We also use digital performance marketing such as search engine marketing, automotive aggregator sites and social media to acquire customers more cost effectively. Our aggregate marketing spend has increased over time, with our first national brand marketing campaign commencing in the first quarter of 2019, and we expect to continue to invest in both national brand marketing and performance marketing efforts. As we leverage our national brand, we believe this investment in marketing spend will drive additional demand and sales. We also believe that we have the ability to drive down the cost of acquisition per unit sold by increasing the efficiency of our marketing spend.

Ability to convert visitors to our platform into customers

The quality of the customer experience on our ecommerce platform is critical to our ability to attract new visitors to our platform, convert such visitors into customers and increase repeat customers. Our ability to drive higher customer conversion depends on our ability to make our platform a compelling choice for consumers based on our functionalities and consumer offerings.

Data analytics and experimentation drive decision making across all of our conversion efforts. By analyzing the data generated by the millions of visitors and tens of thousands of transactions on our

platform, and continually testing strategies to maximize conversion rates, we form a better understanding of consumer preferences and try to create a more tailored ecommerce experience. As we continue to invest in our brand and improve the customer experience, we expect that we will attract more visitors, improve conversion and drive greater sales.

Ability to optimize the mix of inventory sources to drive increased gross profit and improvements to our unit economics

We strategically source inventory from auctions, consumers, rental car companies and dealers. Auctions and consumers represent the vast majority of our inventory sources, accounting for approximately 52% and 36% of our retail inventory sold in 2019, respectively, and 48% and 36% for the three months ended March 31, 2020. Because the quality of vehicles and associated gross margin profile vary across each channel, the mix of inventory sources has an impact on our profitability. We continually evaluate the optimal mix of sourcing channels and will source vehicles in a way that maximizes our average gross profit per unit and improves our unit economics. For example, purchasing vehicles at third-party auctions is competitive and, consequently, vehicle prices at third-party auctions tend to be higher than vehicle prices for vehicles sourced directly from consumers. Accordingly, as part of our sourcing strategy, we seek to increase the percentage of vehicle sales that we source from consumers.

Our ability to increase the percentage of inventory sourced directly from consumers will depend on the popularity and success of our ecommerce platform. In order to continue to increase the percentage of vehicles that we source directly from consumers, we are expanding our national marketing efforts that are focused on our Sell Us Your Car® proposition, which we believe will result in more customers gaining familiarity with our platform. We expect that, as consumers experience the convenience of our platform to sell or trade in their used vehicles, the percentage of inventory we source directly from consumers will continue to grow.

We also intend to pursue third party inventory listings that will expand our sourcing channels through third party sellers while offering us attractive revenue models in an asset light, debt free structure.

Ability to expand and optimize our reconditioning capacity to satisfy increasing demand

Our ability to recondition purchased vehicles to our quality standards is a critical component of our business. Historically, we have successfully increased our reconditioning capacity as our business has grown, and our future success will depend on our ability to expand and optimize our reconditioning capacity to satisfy increasing customer demand. We employ a hybrid approach that combines the use of our Vroom VRC and third-party VRCs to best meet our reconditioning needs.

We expect that over time our per unit costs in our Vroom VRC will be lower than those in third-party VRCs because our Vroom VRC benefits from greater scale and from our continued investment in manufacturing technology. In 2019, we significantly increased our reconditioning capacity within our Vroom VRC by overhauling our operations and applying lean manufacturing techniques and other software-enabled technological advances. As we continue to grow our business, we intend to continue to invest in increased reconditioning capacity and operational efficiency through third-party VRC locations and going forward we expect to invest in additional proprietary reconditioning capacity to provide added scale with reduced lead-time and greater flexibility. Additionally, our use of third-party VRCs to recondition vehicles allows us to avoid additional capital expenditures, quickly increase capacity, maintain greater operational flexibility and broaden our geographic footprint to drive lower logistics costs. In 2019 and 2020, we expanded our third-party VRC operations by adding eleven additional VRCs across the nation for a current total of thirteen. See “—Liquidity and Capital Resources.”

We leverage our data analytics and deep industry experience to strategically select both Vroom VRCs and third-party VRCs in locations where we believe there is the highest supply and demand for our vehicles. We expect that our continued investment in reconditioning capacity and technology will

lower our reconditioning costs per unit and drive greater operational efficiency, higher gross profit per unit and improved unit economics.

Ability to expand and develop our logistics network

We primarily use third-party carriers and are developing a hybrid strategy to build out our proprietary logistics network. We are in the process of optimizing our third-party logistics network nationally through the development of strategic carrier arrangements with national haulers. As we continue to grow, we plan to significantly consolidate our carrier base into dedicated operating regions. We expect that these enhanced logistics operations, combined with the expansion of strategically located VRCs, will drive lower inbound and outbound logistics costs, thus lowering costs per unit. Our VRCs also serve as pooling points to aggregate acquired vehicles and can serve as hubs for staging vehicles for last-mile delivery to customers, which we expect will result in an improved experience for customers. We recently launched a number of enhancements to our last-mile delivery service to enrich our customer experience. We expect that these enhancements will result in an increase in outbound shipping costs, thereby increasing our SG&A expenses. However, we expect any such increase to be offset by certain cost efficiencies gained from improvements in our reconditioning and logistics operations, which will ultimately lead to reduced total costs per unit. Over time, we expect that optimizing our logistics network will result in improved unit economics, increased profitability and an enhanced customer experience.

Ability to increase and better monetize value-added products

Our offering of value-added products is an integral part of providing a seamless vehicle-buying experience to our customers. These products provide added revenue streams for us as well as offering convenience, assurance and efficiency for our customers. We sell our third-party value-added products through our strategic relationships with multiple lenders and other third parties who bear the incremental risks associated with the underwriting of finance and insurance products. In the fourth quarter of 2019 and first quarter of 2020, we entered into strategic partnerships with lenders such as Chase and Santander which have contributed to improvements in Product GPPU. Additionally, through our on-going data analytics, experimentation and further development of our ecommerce technology, we expect to increase attachment rates of our existing value-added products while finding new opportunities to include additional finance and insurance and other value-added products. Because we are paid fees on value-added products we sell, our gross profit is equal to the revenue we generate on such sales. As a result, such sales help drive total gross profit per unit. We expect that, as we scale our business, we will increase the breadth and variety of value-added products offered to customers and improve attachment rates to our vehicle sales, which in turn will grow revenue and drive profitability.

Seasonality

Used vehicle sales are 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. Additionally, used vehicles depreciate at a faster rate in the last two quarters of each year and a slower rate in the first two quarters of each year. In line with these macro trends, our gross profit per unit has historically been higher in the first half of the year when compared to the second half of the year. See “Risk Factors—Risks Related to Our Business—We may experience seasonal and other fluctuations in our quarterly results of operations, which may not fully reflect the underlying performance of our business.”

Components of Results of Operations

Revenue

Retail vehicle revenue

We sell vehicles through both our ecommerce platform and TDA. Revenue from vehicle sales, including any delivery charges, are recognized when vehicles are delivered to the customers or picked up at our TDA retail location, net of a reserve for estimated returns. The number of units sold and the average selling price per unit are the primary factors impacting our retail revenue stream.

The number of units sold depends on the volume of inventory and the selection of vehicles listed on our ecommerce platform, our ability to attract new customers, our brand awareness and our ability to expand our reconditioning operations and logistics network.

Average selling price per unit sold depends primarily on our pricing strategy, retail used car market prices, our average days to sale and our reconditioning and logistics costs.

Historically, we have focused our inventory on low-mileage, high-demand vehicles with average selling prices of approximately $30,000. As we ramp up our vehicle acquisitions following our strategic decision to reduce inventory in response to the COVID-19 pandemic, and as we scale our business going forward, we intend to strategically take advantage of a broader portion of the used vehicle market by adding more lower priced vehicles to our inventory. This will allow us to expand our vehicle selection, while potentially decreasing the average selling price per unit in any given period. See “—Impact of COVID-19”

Wholesale vehicle revenue

We sell vehicles that do not meet our Vroom retail sales criteria through third-party wholesale auctions. Vehicles sold at auction are acquired from customers who trade-in their vehicles when making a purchase from us and also from customers who sell their vehicle to us in direct-buy transactions. The number of wholesale vehicles sold and the average selling price per unit are the primary drivers of wholesale revenue. The average selling price per unit is affected by the mix of the vehicles we acquire and general supply and demand conditions in the wholesale market.

Product revenue

We generate revenue by earning fees on sales of value-added products to our customers in connection with vehicle sales, including fees earned on customer vehicle financing from third-party lenders and fees earned on sales of other value-added products, such as extended warranty contracts, GAP insurance policies and tire and wheel insurance policies. We earn fees on these products pursuant to arrangements with the third parties that sell and administer these products. For accounting purposes, we are an agent for these transactions and, as a result, we recognize fees on a net basis when the customer enters into an arrangement to purchase these products or obtain third-party financing, which is typically at the time of a vehicle sale. Our gross profit on product revenue is equal to the revenue we generate.

Product revenue is affected by the number of vehicles sold, the attachment rate of value-added products and the amount of fees we receive on each product. Product revenue also consists of estimated profit-sharing amounts to which we are entitled based on the performance of third-party insurance products once a required claims period has passed. See “—Critical Accounting Policies and Estimates—Revenue Recognition—Product Revenue.”

A portion of the fees we receive is subject to chargeback in the event of early termination, default, or prepayment of the contracts by our customers. We recognize product revenue net of reserves for estimated chargebacks.

Other revenue

Other revenue consists of labor and parts revenue earned by us for vehicle repair services at TDA. In 2018, other revenue also included auction fees earned from a local wholesale auction previously hosted by TDA.

See “Note 2—Summary of Significant Accounting Policies—Accounting Standards Adopted” and “Note 3—Revenue Recognition” to our consolidated financial statements included elsewhere in this prospectus.

Cost of sales

Cost of sales primarily includes the costs to acquire vehicles, inbound transportation costs and direct and indirect reconditioning costs associated with preparing vehicles for sale. Costs to acquire vehicles are primarily driven by the inventory source, vehicle mix and general supply and demand conditions of the used vehicle market. Inbound transportation costs include costs to transport the vehicle to our VRCs. Reconditioning costs include parts, labor and third-party reconditioning costs directly attributable to the vehicle and allocated overhead costs. Cost of sales also includes any accounting adjustments to reflect vehicle inventory at the lower of cost or net realizable value.

Total gross profit

Total gross profit is defined as total revenue less costs associated with such revenue.

Selling, general and administrative expenses

Our selling, general, and administrative expenses, which we refer to as SG&A expenses, consist primarily of advertising and marketing expenses, outbound transportation costs, employee compensation, occupancy costs of our facilities and professional fees for accounting, auditing, tax, legal and consulting services.

We expect that our SG&A expenses will increase in the future as we expand our operations, hire additional employees and continue to increase our marketing spend to build brand awareness and increase consumer traffic on our platform. We also expect to incur increased expenses associated with being a public company, including costs of accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with SEC and stock exchange requirements, director and officer insurance costs, and investor and public relations costs.

Depreciation and amortization

Our depreciation and amortization expense primarily includes depreciation related to our leasehold improvements, as well as amortization related to intangible assets acquired in the TDA acquisition and capitalized internal use software costs incurred in the development of our platform and website applications. Depreciation expense related to our Vroom VRC is included in cost of sales in the consolidated statements of operations.

Interest expense

Our interest expense includes interest expense related to our Vehicle Floorplan Facility, which is used to finance our inventory, as well as interest expense on the Term Loan Facility, which was repaid in full in December 2019.

Interest Income

Interest income primarily represents interest credits earned on cash deposits maintained in relation to our Vehicle Floorplan Facility.

Results of Operations

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

	Year Ended December 31,			Three Months Ended March 31,		
	2018	2019	% Change	2019	2020	% Change
	(in thousands)			(in thousands) (unaudited)		
Revenue:						
Retail vehicle, net	$656,928	$ 952,910	45.1%	$178,750	$308,710	72.7%
Wholesale vehicle	174,514	213,464	22.3%	52,119	55,578	6.6%
Product, net	19,653	23,708	20.6%	3,745	11,044	194.9%
Other	4,334	1,739	(59.9)%	445	440	(1.1)%
Total revenue	855,429	1,191,821	39.3%	235,059	375,772	59.9%
Cost of sales	794,622	1,133,962	42.7%	223,047	357,385	60.2%
Total gross profit	60,807	57,859	(4.8)%	12,012	18,387	53.1%
Selling, general and administrative expenses	133,842	184,988	38.2%	36,583	58,380	59.6%
Depreciation and amortization	6,857	6,019	(12.2)%	1,533	966	(37.0)%
Loss from operations	(79,892)	(133,148)	66.7%	(26,104)	(40,959)	56.9%
Interest expense	8,513	14,596	71.5%	2,718	2,826	4.0%
Interest income	(3,135)	(5,607)	78.9%	(1,849)	(1,956)	5.8%
Other (income) expense, net	(321)	673	(309.7)%	63	(823)	(1,406.3)%
Loss before provision for income taxes	(84,949)	(142,810)	68.1%	(27,036)	(41,006)	51.7%
Provision for income taxes	229	168	(26.6)%	103	53	(48.5)%
Net loss	$ (85,178)	$ (142,978)	67.9%	$ (27,139)	$ (41,059)	51.3%

Segments

We manage and report operating results through three reportable segments:

- **Ecommerce (49.3% of 2019 revenue; 62.0% of quarter ended March 31, 2020 revenue**): The Ecommerce segment represents retail sales of used vehicles through our ecommerce platform and fees earned on sales of value-added products associated with those vehicle sales.
- **TDA (32.8% of 2019 revenue; 23.2% of quarter ended March 31, 2020 revenue**): The TDA segment represents retail sales of used vehicles from TDA and fees earned on sales of value-added products associated with those vehicle sales.
- **Wholesale (17.9% of 2019 revenue; 14.8% of quarter ended March 31, 2020 revenue**): The Wholesale segment represents sales of used vehicles through wholesale auctions.

Three Months Ended March 31, 2019 and 2020

Ecommerce

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

	Three Months Ended March 31,			
	2019	2020	Change	% Change
	(in thousands, except unit data and average days to sale) (unaudited)			
Ecommerce revenue:				
Vehicle revenue	$88,630	$225,606	$136,976	154.5%
Product revenue	1,225	7,566	6,341	517.6%
Total ecommerce revenue	$89,855	$233,172	$143,317	159.5%
Ecommerce gross profit:				
Vehicle gross profit	$ 4,529	$ 6,701	$ 2,172	48.0%
Product gross profit	1,225	7,566	6,341	517.6%
Total ecommerce gross profit	$ 5,754	$ 14,267	$ 8,513	148.0%
Ecommerce units sold	3,187	7,930	4,743	148.8%
Average vehicle selling price per ecommerce unit	$27,810	$ 28,450	$ 640	2.3%
Gross profit per ecommerce unit:				
Vehicle gross profit per ecommerce unit	$ 1,421	$ 845	$ (576)	(40.5)%
Product gross profit per ecommerce unit	385	954	569	147.8%
Total gross profit per ecommerce unit	$ 1,806	$ 1,799	$ (7)	(0.4)%
Ecommerce average days to sale	64	68	4	6.3%

Ecommerce units

Ecommerce units sold increased 4,743, or 148.8%, to 7,930 for the three months ended March 31, 2020 from 3,187 for the three months ended March 31, 2019, driven by our increased inventory levels, process improvements in our ecommerce platform and our national advertising campaign which continues to strengthen our national brand awareness. Average monthly unique visitors to our website increased by 130.1% to 947,014 for the three months ended March 31, 2020 from 411,489 for the three months ended March 31, 2019. We expect ecommerce units sold to continue to grow in the future as we increase our inventory selection and marketing efforts and improve conversion.

Vehicle Revenue

Ecommerce vehicle revenue increased $137.0 million, or 154.5%, to $225.6 million for the three months ended March 31, 2020 from $88.6 million for the three months ended March 31, 2019. Of this increase, $131.9 million was attributable to the increase in ecommerce units sold, while $5.1 million of the increase was driven by a higher average selling price per unit, which increased to $28,450 for the three months ended March 31, 2020 from $27,810 for the three months ended March 31, 2019. While we believe that our average selling price per unit will decrease as we scale our business, we expect ecommerce vehicle revenue will continue to grow driven by increases in ecommerce units sold. The positive sales momentum experienced in 2019 continued for the three months ended March 31, 2020. During the last three weeks of March 2020, the escalation of the COVID-19 pandemic within the United States negatively impacted consumer demand and ecommerce revenue. However, due to our strategic

decision to reduce vehicle pricing in order to drive vehicle sales, we maintained the number of ecommerce units sold at pre-COVID levels.

Product Revenue

Ecommerce product revenue increased $6.3 million, or 517.6%, to $7.5 million for the three months ended March 31, 2020 from $1.2 million for the three months ended March 31, 2019. Of this increase, $4.5 million was driven by an increase in product revenue per unit, while $1.8 million was attributable to the increase in ecommerce units sold. Product revenue per unit increased by $569 to $954 for the three months ended March 31, 2020 from $385 for the three months ended March 31, 2019, which was primarily due to the mix of products sold, higher attachment rates, improved financing features in our ecommerce platform and our strategic partnerships. We expect ecommerce product revenue will continue to grow in the future driven by increases in ecommerce units sold, new product offerings, initiatives to improve product attachment rates and increases in per unit profit.

Vehicle Gross Profit

Ecommerce vehicle gross profit increased $2.2 million, or 48.0%, to $6.7 million for the three months ended March 31, 2020 from $4.5 million for the three months ended March 31, 2019. Of this increase, $6.7 million was attributable to the increase in ecommerce units sold, partially offset by a $4.5 million decrease related to lower vehicle gross profit per unit for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Vehicle gross profit per unit decreased by $576 from $1,421 for the three months ended March 31, 2019 to $845 for the three months ended March 31, 2020 as we continued to sell through the inventory originally reconditioned in 2019 and early 2020 at higher costs per unit. Additionally, during the last three weeks of March 2020, the escalation of the COVID-19 pandemic within the United States negatively impacted consumer demand and ecommerce revenue. Due to our strategic decision to reduce vehicle pricing in order to drive vehicle sales, the number of ecommerce units sold returned to the pre-COVID-19 levels, however at reduced gross profit per unit. Finally, ecommerce vehicle gross profit was adversely impacted by an adjustment to the value of our unsold used vehicle inventory of approximately $6.1 million to reflect its net realizable value as of March 31, 2020.

As we continue to mature our infrastructure, increase the number of VRCs and optimize our network of VRCs, we expect ecommerce vehicle gross profit per unit to increase in the future driven by reduced costs across acquisitions, logistics and reconditioning.

Product Gross Profit

Ecommerce product gross profit increased $6.3 million, or 517.6%, to $7.5 million for the three months ended March 31, 2020 from $1.2 million for the three months ended March 31, 2019. Of this increase, $4.5 million was related to higher product gross profit per unit, while $1.8 million was attributable to the increase in ecommerce units sold for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. The increase in product gross profit per unit was attributable to the mix of products sold, higher attachment rates, improved financing features in our e-commerce platform and our strategic partnerships. We expect ecommerce product gross profit will continue to grow in the future driven by increases in ecommerce units sold, new product offerings, initiatives to improve product attachment rates and increases in per unit profit.

TDA

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

	Three Months Ended March 31,		Change	% Change
	2019	2020		
	(in thousands, except unit data and average days to sale) (unaudited)			
TDA revenue:				
Vehicle revenue	$90,120	$83,106	$(7,014)	(7.8)%
Product revenue	2,521	3,477	956	37.9%
Other	444	439	(5)	(1.1)%
Total TDA revenue	$93,085	$87,022	$(6,063)	(6.5)%
TDA gross profit:				
Vehicle gross profit	$ 3,407	$ 1,781	$(1,626)	(47.7)%
Product gross profit	2,521	3,477	956	37.9%
Other gross profit	149	154	5	3.4%
Total TDA gross profit	$ 6,077	$ 5,412	$ (665)	(10.9)%
TDA units sold	3,370	3,035	(335)	(9.9)%
Average vehicle selling price per TDA unit	$26,742	$27,383	$ 641	2.4%
Gross profit per TDA unit:				
Vehicle gross profit per TDA unit	$ 1,011	$ 586	$ (425)	(42.0)%
Product gross profit per TDA unit	748	1,146	398	53.2%
Total gross profit per TDA unit	$ 1,759	$ 1,732	$ (27)	(1.5)%
TDA average days to sale	53	50	(3)	(5.7)%

TDA units

TDA units sold decreased 335, or 9.9%, to 3,035 for the three months ended March 31, 2020 from 3,370 for the three months ended March 31, 2019. Although, our physical retail location remained open, the consumer demand for vehicles at TDA declined in the second half of March 2020 due to government mandated “stay-home” orders related to the COVID-19 pandemic and other disruptions related to COVID-19. We expect our TDA units sold will continue to be negatively impacted by the COVID-19 pandemic, but the extent and duration of the impact is uncertain at this time.

Vehicle Revenue

TDA vehicle revenue decreased $7.0 million, or 7.8%, to $83.1 million for the three months ended March 31, 2020 from $90.1 million for the three months ended March 31, 2019. Of this decrease, $9.0 million was driven by a decrease in TDA units sold for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019, partially offset by higher average selling price per unit, which increased to $27,383 for the three months ended March 31, 2020 from $26,742 in 2019. We expect our vehicle revenue will continue to be negatively impacted by the COVID-19 pandemic, but the extent and duration of the impact is uncertain at this time.

Product Revenue

TDA product revenue increased $1.0 million, or 37.9% to $3.5 million for the three months ended March 31, 2020 from $2.5 million for the three months ended March 31, 2019. Of this increase,

$1.2 million was driven by a $398 increase in product revenue per unit, partially offset by a $0.2 million decrease in TDA units sold for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019.

Other Revenue

TDA other revenue remained relatively flat for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019.

Vehicle Gross Profit

TDA vehicle gross profit decreased $1.6 million, or 47.7%, to $1.8 million for the three months ended March 31, 2020 from $3.4 million for the three months ended March 31, 2019. Of this decrease, $1.3 million was attributable to a decrease in TDA vehicle gross profit per unit, while $0.3 million was attributable to the decrease in TDA units sold for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Our national inventory is sold through both our TDA and Ecommerce segments. Because of the geographic proximity, most of the inventory sold by TDA is reconditioned in our Vroom VRC. Accordingly, the higher than expected demand we experienced in the Ecommerce segment impacted the cost efficiency of our Vroom VRC, which contributed to the decrease in TDA vehicle gross profit per unit in 2019. We expect our vehicle gross profit to continue to be negatively impacted by the COVID-19 pandemic and limited consumer demand at TDA, but the extent and duration of the impact is uncertain at this time.

We expect that our continued investments in scaling our ecommerce infrastructure will also increase TDA vehicle gross profit per unit in the future through a more optimal distribution of VRCs and reduced costs across acquisitions, logistics and reconditioning. Due to the COVID-19 pandemic, TDA vehicle gross profit was adversely impacted by an adjustment to the value of our unsold used vehicle inventory of approximately $2.9 million to reflect its net realizable value as of March 31, 2020.

Product Gross Profit

TDA product gross profit increased $1.0 million, or 37.9%, to $3.5 million for the three months ended March 31, 2020 from $2.5 million for the three months ended March 31, 2019. Of this increase, $1.2 million was attributable to an increase in product gross profit per unit, partially offset by a $0.2 million decrease in TDA units sold for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Product gross profit per unit increased to $1,146 for the three months ended March 31, 2020 from $748 for the three months ended March 31, 2019.

Other gross profit

TDA other gross profit remained relatively flat for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019.

Wholesale

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

	Three Months Ended March 31,		Change	% Change
	2019	2020		
	(in thousands, except unit data) (unaudited)			
Wholesale revenue	$52,119	$55,578	$ 3,459	6.6%
Wholesale gross profit	$ 181	$ (1,292)	$(1,473)	(813.8)%
Wholesale units sold	5,230	4,685	(545)	(10.4)%
Average selling price per unit	$ 9,965	$11,863	$ 1,898	19.0%
Wholesale gross profit per unit	$ 35	$ (276)	$ (311)	(888.6)%

Units

Wholesale units sold decreased 545, or 10.4%, to 4,685 for the three months ended March 31, 2020 from 5,230 for the three months ended March 31, 2019, primarily driven by a decrease in the number of trade-in vehicles associated with the lower amount of TDA units sold as well as a decrease in the number of vehicles acquired through our Sell Us Your Car® centers, which have historically been sold in wholesale auctions.

Revenue

Wholesale revenue increased $3.5 million, or 6.6%, to $55.6 million for the three months ended March 31, 2020 from $52.1 million for the three months ended March 31, 2019. Of this increase, $8.9 million was attributable to a higher average selling price per wholesale units which increased to $11,863 for the three months ended March 31, 2020 from $9,965 for the three months ended March 31, 2019 primarily driven by the sale of retail quality vehicles through the wholesale auctions as we reduced our inventory levels in order to respond to the decreased consumer demand due to the COVID-19 pandemic. The increase was partially offset by a $5.4 million decrease related to lower number of wholesale units sold.

Gross Profit

Wholesale vehicle gross profit decreased $1.5 million from gross profit of $0.2 million for the three months ended March 31, 2019 to gross loss of $1.3 million for the three months ended March 31, 2020. The decrease was primarily attributable to a $311 decrease in wholesale gross profit per unit for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Due to the COVID-19 pandemic, wholesale gross profit was adversely impacted by an adjustment to the value of our unsold used vehicle inventory of approximately $1.8 million to reflect its net realizable value as of March 31, 2020.

Selling, general and administrative expenses

	Three Months Ended March 31,			
	2019	2020	Change	% Change
	(in thousands) (unaudited)			
Compensation & benefits	$15,492	$20,321	$ 4,829	31.2%
Marketing expense	7,100	17,915	10,815	152.3%
Outbound logistics	2,294	5,792	3,498	152.5%
Occupancy and related costs	2,286	2,697	411	18.0%
Professional services	2,653	2,459	(194)	(7.3)%
Other	6,758	9,196	2,438	36.1%
Total selling, general & administrative expenses	$36,583	$58,380	$21,797	59.6%

Selling, general and administrative expenses increased $21.8 million, or 59.6%, to $58.4 million for the three months ended March 31, 2020, from $36.6 million for the three months ended March 31, 2019. The increase was primarily due to a $10.8 million increase in advertising and marketing efforts as we expanded our national broad-reach advertising, a $4.8 million increase in compensation and benefits due to an increase in employee headcount throughout the organization as our business scaled and a $3.5 million increase in outbound logistics costs attributable to the growth in our ecommerce business. However, as discussed under the heading “—Impact of COVID-19” above, we have taken measures to reduce operating expenses by placing on furlough approximately one-third of our workforce, salary reduction of our non-furloughed salaried employees and reduction of marketing spend.

Depreciation and amortization

Depreciation and amortization expenses decreased $0.6 million, or 37.0%, to $0.9 million for the three months ended March 31, 2020 from $1.5 million for the three months ended March 31, 2019. The decrease was primarily due to reduced amortization expense as certain intangible assets were fully amortized.

Interest expense

Interest expense increased $0.1 million for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. Interest expense increased $0.9 million as a result of an increase in the outstanding balance of the Vehicle Floorplan Facility. The increase was partially offset by a $0.8 million decrease in interest expense for the Eastward Term Loan Facility as the outstanding balance was repaid in full in December 2019.

Interest Income

Interest income remained relatively flat for the three months ended March 31, 2020, as compared to the three months ended March 31, 2109. Interest income primarily relates to interest earned on cash deposits maintained with Ally Bank.

Years Ended December 31, 2018 and 2019

Ecommerce

The following table presents our Ecommerce segment results of operations for the years indicated:

	Year Ended December 31,		Change	% Change
	2018	2019		
	(in thousands, except unit data and average days to sale)			
Ecommerce revenue:				
Vehicle revenue	$ 295,414	$ 576,998	$281,584	95.3%
Product revenue	5,758	11,116	5,358	93.1%
Total ecommerce revenue	$ 301,172	$ 588,114	$286,942	95.3%
Ecommerce gross profit:				
Vehicle gross profit	$ 16,667	$ 21,011	$ 4,344	26.1%
Product gross profit	5,758	11,116	5,358	93.1%
Total ecommerce gross profit	$ 22,425	$ 32,127	$ 9,702	43.3%
Ecommerce units sold	10,006	18,945	8,939	89.3%
Average vehicle selling price per ecommerce unit	$ 29,524	$ 30,456	$ 932	3.2%
Gross profit per ecommerce unit:				
Vehicle gross profit per ecommerce unit	$ 1,666	$ 1,109	$ (557)	(33.4%)
Product gross profit per ecommerce unit	576	587	11	1.9%
Total gross profit per ecommerce unit	$ 2,242	$ 1,696	$ (546)	(24.4%)
Ecommerce average days to sale	59	68	9	15.3%

Ecommerce units

Ecommerce units sold increased 8,939, or 89.3%, to 18,945 in 2019 from 10,006 in 2018, driven by our increased inventory levels, process improvements in our ecommerce platform and our national advertising campaign, which began in February 2019 and has strengthened our national brand awareness. Average monthly unique visitors to our website increased to 653,216 in 2019 from 291,772 in 2018. We expect ecommerce units sold to continue to grow in the future as we increase our inventory selection and marketing efforts, and improve conversion.

Vehicle Revenue

Ecommerce vehicle revenue increased $281.6 million, or 95.3%, to $577.0 million in 2019 from $295.4 million in 2018. Of this increase, $263.9 million was attributable to the increase in ecommerce units sold, while $17.7 million of the increase was driven by a higher average selling price per unit, which increased to $30,456 in 2019 from $29,524 in 2018. While we believe that over time our average selling price per unit will decrease as we scale our business, we expect ecommerce vehicle revenue will continue to grow driven by increases in ecommerce units sold.

Product Revenue

Ecommerce product revenue increased $5.4 million, or 93.1%, to $11.1 million in 2019 from $5.8 million in 2018. Of this increase, $5.2 million was attributable to the increase in ecommerce units sold,

while $0.2 million was driven by an increase in product revenue per unit. Product revenue per unit increased $11 to $587 in 2019 from $576 in 2018, which was primarily due to the mix of products sold in 2019. We expect ecommerce product revenue will continue to grow in the future driven by increases in ecommerce units sold, new product offerings, initiatives to improve product attachment rates and increases in per unit profit.

Vehicle Gross Profit

Ecommerce vehicle gross profit increased $4.3 million, or 26.1%, to $21.0 million in 2019 from $16.7 million in 2018. Of this increase, $14.9 million was attributable to the increase in ecommerce units sold, partially offset by a $10.6 million decrease related to lower vehicle gross profit per unit in 2019, as compared to 2018. Vehicle gross profit per unit decreased by $557 from $1,666 in 2018 to $1,109 in 2019, primarily driven by higher than expected demand for our vehicles during a period in which we were still building out our infrastructure. As the significant growth in consumer demand exceeded the scale of our vehicle acquisition, logistics and reconditioning infrastructure during that period, we elected to prioritize meeting the higher demand over certain cost efficiencies in 2019. As we continue to scale our infrastructure, increase the number of VRCs and optimize our network of VRCs, we expect ecommerce vehicle gross profit per unit to increase in the future driven by reduced costs across acquisitions, logistics and reconditioning.

Product Gross Profit

Ecommerce product gross profit increased $5.4 million, or 93.1%, to $11.1 million in 2019 from $5.8 million in 2018. Of this increase, $5.2 million was attributable to the increase in ecommerce units sold, while $0.2 million was related to higher product gross profit per unit in 2019, as compared to 2018. We expect ecommerce product gross profit will continue to grow in the future driven by increases in ecommerce units sold, new product offerings, initiatives to improve product attachment rates and increases in per unit profit.

TDA

The following table presents our TDA segment results of operations for the years indicated:

	Year Ended December 31,			
	2018	2019	Change	% Change
	(in thousands, except unit data and average days to sale)			
TDA revenue:				
Vehicle revenue	$ 361,514	$ 375,912	$14,398	4.0 %
Product revenue	13,895	12,592	(1,303)	(9.4)%
Other	4,334	1,739	(2,595)	(59.9)%
Total TDA revenue	$ 379,743	$ 390,243	$10,500	2.8 %
TDA gross profit:				
Vehicle gross profit	$ 19,983	$ 12,069	$ (7,914)	(39.6)%
Product gross profit	13,895	12,592	(1,303)	(9.4)%
Other gross profit	1,247	731	(516)	(41.4)%
Total TDA gross profit	$ 35,125	$ 25,392	$ (9,733)	(27.7)%
TDA units sold	13,193	13,018	(175)	(1.3)%
Average vehicle selling price per TDA unit	$ 27,402	$ 28,876	$ 1,474	5.4 %
Gross profit per TDA unit:				
Vehicle gross profit per TDA unit	$ 1,515	$ 927	$ (588)	(38.8)%
Product gross profit per TDA unit	1,053	967	(86)	(8.2)%
Total gross profit per TDA unit	$ 2,568	$ 1,894	$ (674)	(26.2)%
TDA average days to sale	44	50	6	13.6 %

TDA units

TDA units sold decreased 175, or 1.3%, to 13,018 in 2019 from 13,193 in 2018. We expect TDA units to remain stable in the future.

Vehicle Revenue

TDA vehicle revenue increased $14.4 million, or 4.0%, to $375.9 million in 2019 from $361.5 million in 2018. Of this increase, $19.2 million was driven by a higher average selling price per unit, which increased to $28,876 in 2019 from $27,402 in 2018, partially offset by $4.8 million attributable to the decrease in TDA units sold in 2019, as compared to 2018.

Product Revenue

TDA product revenue decreased $1.3 million, or 9.4% to $12.6 million in 2019 from $13.9 million in 2018. Of this decrease, $1.1 million was driven by a $86 decrease in product revenue per unit, while $0.2 million was attributable to the decrease in TDA units sold in 2019, as compared to 2018.

Other Revenue

TDA other revenue decreased $2.6 million, or 59.9%, to $1.7 million in 2019 from $4.3 million in 2018. The decrease was primarily attributable to a decrease in auction fees earned from a local TDA hosted wholesale auction that was strategically terminated in November 2018 in favor of utilizing national third-party wholesale auctions.

Vehicle Gross Profit

TDA vehicle gross profit decreased $7.9 million, or 39.6%, to $12.1 million in 2019 from $20.0 million in 2018. Of this decrease, $7.6 million was attributable to a decrease in TDA vehicle gross profit per unit, while $0.3 million was attributable to the decrease in TDA units sold in 2019, as compared to 2018. Our national inventory is sold through both our TDA and Ecommerce segments. Because of the geographic proximity, most of the inventory sold by TDA is reconditioned in our Vroom VRC. Accordingly, the higher than expected demand we experienced in the Ecommerce segment impacted the cost efficiency of our Vroom VRC, which contributed to the decrease in TDA vehicle gross profit per unit in 2019. We expect that our continued investments in scaling our ecommerce infrastructure will also increase TDA vehicle gross profit per unit in the future through a more optimal distribution of VRCs and reduced costs across acquisitions, logistics and reconditioning.

Product Gross Profit

TDA product gross profit decreased $1.3 million, or 9.4%, to $12.6 million in 2019 from $13.9 million in 2018. Of this decrease, $1.1 million was attributable to a decrease in product gross profit per unit, while $0.2 million was attributable to the decrease in TDA units sold in 2019, as compared to 2018. Product gross profit per unit decreased to $967 in 2019 from $1,053 in 2018.

Other gross profit

TDA other gross profit decreased $0.5 million, or 41.4%, to $0.7 million in 2019 from $1.2 million in 2018. The decrease in TDA other gross profit was primarily attributable to the decrease of $2.6 million in TDA other revenue driven primarily by the decrease in auction fees earned from the local TDA hosted wholesale auction which was terminated in November 2018.

Wholesale

The following table presents our Wholesale segment results of operations for the years indicated:

	Year Ended December 31,			
	2018	2019	Change	% Change
	(in thousands, except unit data)			
Wholesale revenue	$ 174,514	$ 213,464	$38,950	22.3%
Wholesale gross profit	$ 3,257	$ 340	$ (2,917)	(89.6%)
Wholesale units sold	18,427	20,197	1,770	9.6%
Average selling price per unit	$ 9,471	$ 10,569	$ 1,099	11.6%
Wholesale gross profit per unit	$ 177	$ 17	$ (160)	(90.5%)

Units

Wholesale units sold increased 1,770, or 9.6%, to 20,197 in 2019 from 18,427 in 2018 primarily driven by an increase in the number of trade-in vehicles associated with the increased number of ecommerce units sold in 2019.

Revenue

Wholesale revenue increased $39.0 million, or 22.3%, to $213.5 million in 2019 from $174.5 million in 2018. Of this increase, $16.8 million was attributable to the increase in wholesale units sold, while $22.2 million was attributable to a higher average selling price per wholesale unit which increased to $10,569 in 2019 from $9,471 in 2018.

Gross Profit

Wholesale vehicle gross profit decreased $2.9 million, or 89.6%, to $0.3 million in 2019, from $3.3 million in 2018. Of this decrease, $3.2 million was attributable to a $160 decrease in wholesale gross profit per unit, partially offset by a $0.3 million increase attributable to the increase in wholesale units sold in 2019, as compared to 2018.

Selling, general and administrative expenses

	Year Ended December 31,			
	2018	2019	Change	% Change
	(in thousands)			
Compensation & benefits	$ 63,024	$ 72,473	$ 9,449	15.0%
Marketing expense	25,557	49,866	24,309	95.1%
Outbound logistics	6,403	13,950	7,547	117.9%
Occupancy and related costs	12,376	11,335	(1,041)	(8.4)%
Professional Services	2,624	11,560	8,936	340.5%
Other	23,858	25,804	1,946	8.2%
Total selling, general & administrative expenses	$ 133,842	$ 184,988	$51,146	38.2%

Selling, general and administrative expenses increased $51.1 million, or 38.2%, to $185.0 million for the year ended December 31, 2019, from $133.8 million in 2018. The increase was primarily due to a $24.3 million increase in advertising and marketing efforts as we expanded our national broad-reach advertising, a $9.4 million increase in compensation & benefits due to an increase in employee headcount throughout the organization as our business scales, a $8.9 million increase in professional expenses primarily related to preparing to become a public company and a $7.5 million increase in outbound logistics costs attributable to the growth in our ecommerce business.

Depreciation and amortization

Depreciation and amortization expenses decreased $0.8 million, or 12.2%, to $6.1 million for the year ended December 31, 2019 from $6.9 million in 2018. The decrease was primarily due to reduced depreciation as a result of the disposal and write-off of certain properties in 2018.

Interest expense

Interest expense increased $6.1 million, or 71.5%, to $14.6 million for the year ended December 31, 2019 from $8.5 million in 2018. The increase was primarily attributable to higher inventory and a corresponding higher balance outstanding on our Vehicle Floorplan Facility in 2019.

Interest Income

Interest income increased $2.5 million, or 78.9%, to $5.6 million from $3.1 million related to interest earned on increased cash deposits maintained with Ally Bank.

Quarterly Key Metrics and Results of Operations Supplemental data

The following table sets forth our key metrics and unaudited quarterly financial information for each of the nine most recent quarters for the period ended March 31, 2020. We have prepared the unaudited quarterly results of operations data on a consistent basis with the consolidated financial statements included elsewhere in this prospectus. In the opinion of management, the quarterly results of operations data reflect all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of this data. This information should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of results for a full year or for any future period.

	Three Months Ended,								
	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019	Mar. 31, 2020
	(in thousands, except unit data and average days to sale) (unaudited)								
Total revenues	$ 230,011	$ 213,007	$ 211,824	$ 200,587	$ 235,059	$ 260,897	$ 340,273	$ 355,592	$ 375,772
Total gross profit	$ 15,861	$ 17,219	$ 16,404	$ 11,323	$ 12,012	$ 13,845	$ 15,671	$ 16,331	$ 18,387
Ecommerce revenue	$ 80,038	$ 63,932	$ 77,804	$ 79,398	$ 89,855	$ 120,953	$ 178,113	$ 199,193	$ 233,172
Ecommerce gross profit	$ 4,965	$ 5,795	$ 6,637	$ 5,028	$ 5,754	$ 7,295	$ 8,774	$ 10,304	$ 14,267
Vehicle gross profit per ecommerce unit	$ 1,461	$ 2,209	$ 1,941	$ 1,178	$ 1,421	$ 1,274	$ 929	$ 1,010	$ 845
Product gross profit per ecommerce unit	405	618	574	715	385	618	648	616	954
Total gross profit per ecommerce unit	$ 1,866	$ 2,827	$ 2,515	$ 1,893	$ 1,806	$ 1,892	$ 1,577	$ 1,626	$ 1,799
Ecommerce units sold	2,661	2,050	2,639	2,656	3,187	3,856	5,563	6,339	7,930
TDA units sold	3,778	3,577	2,989	2,849	3,370	2,792	3,282	3,574	3,035
Wholesale units sold	4,702	4,659	4,906	4,160	5,230	5,396	5,420	4,151	4,685
Average monthly unique visitors	246,113	190,912	267,297	462,764	411,489	628,659	777,313	795,405	947,014
Vehicles available for sale	2,039	2,473	2,494	3,421	2,963	4,550	5,256	4,956	5,107
Ecommerce average days to sale	68	53	54	57	64	64	71	68	68
Total selling, general, and administrative expenses	$ 38,065	$ 28,202	$ 28,378	$ 39,197	$ 36,583	$ 43,692	$ 50,934	$ 53,779	$ 58,380

Quarterly Trends

Ecommerce revenue trends

Our ecommerce revenue typically varies seasonally, with the used vehicle industry usually experiencing an increase in sales that reaches its highest point late in the first quarter and early in the second quarter, which then diminishes through the rest of the year with the lowest level of sales in the fourth quarter. This seasonality typically corresponds with the timing of income tax refunds.

Ecommerce revenue fluctuated during 2018 due primarily to seasonality, but increased significantly during 2019 and into 2020 because of the increase in ecommerce units sold attributable to our increased inventory levels, process improvements in our ecommerce platform and strengthening of our national brand awareness, as well as higher average selling price per unit. This increase was a continuation of accelerating growth we saw in the second half of 2019 when we meaningfully grew our inventory acquisitions, vehicles available for sale and national marketing campaigns to drive and convert consumer demand. We expect ecommerce to continue to grow driven by increases in ecommerce units.

Gross profit trends

Our quarterly ecommerce gross profit in 2018, 2019 and the first quarter of 2020 increased consistently from approximately $5.0 million in the first quarter of 2018 to $14.3 million in the first quarter of 2020, or approximately 187%. This increase was primarily attributable to increases in ecommerce units sold, partially offset by decreased gross profit per ecommerce units sold.

Selling, general and administrative expense trends

Our quarterly total selling, general & administrative expenses increased consistently from the first quarter of 2019, primarily due to increased advertising and marketing expenses as we expanded our national broad-reach advertising to build brand awareness and increase consumer traffic on our ecommerce platform. We also incurred increased compensation and benefits expenses due to an increase in employee headcount throughout the organization as our business scaled, as well as increased outbound logistics costs attributable to the growth in our ecommerce business.

Liquidity and Capital Resources

Our operations historically have been financed primarily from the sale of redeemable convertible preferred stock and borrowings under our Vehicle Floorplan Facility and our Term Loan Facility. As of March 31, 2020, we had cash and cash equivalents of $169.8 million.

For the year ended December 31, 2019 and the three months ended March 31, 2020, we had negative cash flow from operations of approximately $215.6 million and $25.1 million, respectively, and generated a net loss of approximately $143.0 million and $41.1 million, respectively. We have not been profitable since our inception in 2012 and had an accumulated deficit of approximately $616.1 million as of March 31, 2020. We expect to incur additional losses in the future.

Pursuant to a stock purchase agreement between us and certain accredited investors, in November and December 2019 we sold an aggregate of 8,371,664 shares of Series H Preferred Stock at a purchase price of $27.19 per share, for aggregate proceeds of $227.7 million. In January 2020, we sold an aggregate of 982,383 shares of Series H Preferred Stock in exchange for gross proceeds of $26.7 million.

We historically have funded vehicle inventory purchases primarily through our Vehicle Floorplan Facility and, as of March 31, 2020, we had approximately $141.3 million available under such facility to fund future vehicle inventory purchases. In March 2020, we entered into a new vehicle floorplan facility (the “2020 Vehicle Floorplan Facility”) with Ally Bank and Ally Financial, that provides a committed credit line of up to $450.0 million. The commitment on the new facility expires in March 2021. We believe that, upon expiration, we will be able to renew this facility or obtain alternative sources of financing on terms that are acceptable to us, as well as leverage our cash on hand to continue to fund our vehicle purchases. However, there can be no assurance we will be able to do so.

In response to the COVID-19 disruptions, we implemented a number of measures designed to protect the health and safety of our workforce, manage our inventory exposure and conserve liquidity, which include reducing our operating costs, including: furloughing approximately one-third of our workforce, reducing salaries of our executives and employees and strategically evaluated our exposure to inventory and floorplan liability and reducing our marketing expenses. We believe we can continue to take similar actions to the extent necessary to further reduce our operating costs.

Our cash flows from operations may differ substantially from our net loss due to non-cash charges or due to changes in balance sheet accounts. The timing of our cash flows from operating activities can also vary among periods due to the timing of payments made or received. Provided we raise sufficient proceeds in this offering, we anticipate that such proceeds, our existing cash and cash equivalents and the vehicle floorplan facility will be sufficient to support our working capital and capital expenditure requirements for at least the next twelve months. However, there can be no assurance that we will be able to complete this offering and raise sufficient additional capital or take other actions that will provide us with sufficient liquidity to satisfy our obligations over the next twelve months or maintain sufficient levels of liquidity. Our future capital requirements will depend on many factors,

including our rate of revenue growth, our efforts to reduce costs per unit, the expansion of our inventory and sales and marketing activities, investment in our reconditioning and logistics operations, and enhancements to our ecommerce platform. We may be required to seek additional equity or debt financing in the future to fund our operations or to fund our needs for capital expenditures. In the event that additional financing is required, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations, our business, results of operations and financial condition could be adversely affected.

Vehicle Financing

We entered into a vehicle floorplan facility in April 2016, as subsequently amended, with Ally Bank and Ally Financial, which we refer to as our Vehicle Floorplan Facility. As of December 31, 2019, the Vehicle Floorplan Facility consisted of a revolving line of credit with a borrowing capacity of up to $220.0 million that could be used to finance our vehicle inventory.

In March 2020, we entered into the 2020 Vehicle Floorplan Facility, which replaces our prior Vehicle Floorplan Facility. The 2020 Vehicle Floorplan Facility provides a committed credit line of up to $450.0 million which expires in March 2021. The amount of credit available to us under the 2020 Vehicle Floorplan Facility is determined on a monthly basis based on a calculation that considers average outstanding borrowings and vehicle units paid off by us within the three immediately preceding months. Approximately $141.3 million was available under this facility as of March 31, 2020. We may elect to increase our monthly credit line availability by an additional $25.0 million during any three months of each year. Outstanding borrowings are due as the vehicles financed are sold, or in any event, on the maturity date. The 2020 Vehicle Floorplan Facility bears interest at a rate equal to the 1-Month LIBOR rate applicable in the immediately preceding month plus a spread of 425 basis points. Under the 2020 Vehicle Floorplan Facility, we are subject to financial covenants that require us to maintain a certain level of equity in the vehicles that are financed, to maintain at least 10% of the outstanding borrowings in cash and cash equivalents, to maintain 10% of the monthly credit line availability on deposit with Ally Bank and to maintain a minimum tangible adjusted net worth of $167.0 million, which is defined as shareholder (deficit) equity plus redeemable convertible preferred stock as determined under GAAP.

Term Loan Facility

On August 11, 2017, we entered into a loan and security agreement with Eastward Fund Management, LLC for a term loan credit facility in an aggregate principal amount of up to $50.0 million. On the closing date, we borrowed $25.0 million of principal and paid a $0.5 million facility fee to the lender and certain other issuance costs that were deducted from the proceeds. As of December 31, 2018, the outstanding balance on the Term Loan Facility, net of unamortized debt issuance costs of $0.7 million was $24.3 million. In December 2019, we repaid in full the outstanding balance of the Term Loan Facility in the amount of $17.9 million.

Cash Flows from Operating, Investing, and Financing Activities

The following table summarizes our cash flows for the years ended December 31, 2018 and 2019 and for the three months ended March 31, 2019 and 2020:

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
	(in thousands)		(in thousands) (unaudited)	
Net cash used in operating activities	$ (64,911)	$ (215,636)	$ (37,917)	$ (25,145)
Net cash provided by (used in) investing activities	12,788	(3,528)	(261)	(1,699)
Net cash provided by financing activities	132,375	275,242	15,455	9,600
Net increase (decrease) in cash and cash equivalents	80,252	56,078	(22,723)	(17,244)
Cash, cash equivalents and restricted cash at beginning of period	83,257	163,509	163,509	219,587
Cash, cash equivalents and restricted cash at end of period	$ 163,509	$ 219,587	$ 140,786	$ 202,343

Operating Activities

Net cash flows used in operating activities decreased $12.8 million, or 33.7%, to $25.1 million for the three months ended March 31, 2020, as compared to $37.9 million for the three months ended March 31, 2019. The decrease is primarily attributable to a decrease in working capital requirements, primarily related to a lower inventory levels in response to the COVID-19 pandemic, resulting in a decrease in use of cash of $33.1 million. Additionally, this decrease was partially offset by $10.4 million in incremental net loss after reconciling adjustments and the net cash outflows related to changes in our operating assets and liabilities for the three months ended March 31, 2020, as compared with the three months ended March 31, 2019.

Net cash flows used in operating activities increased $150.7 million, or 232.2%, to $215.6 million for the year ended December 31, 2019, as compared to $64.9 million in 2018. The increase is primarily attributable to $53.1 million in incremental net loss after reconciling adjustments and an increase in working capital requirements as we scale our business, primarily related to an increase in our inventory levels, resulting in an increase in use of cash of $104.8 million.

Investing Activities

Net cash flows used in investing activities increased $1.4 million, to $1.7 million for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019, primarily as a result of increases in capitalization of software development cost.

Net cash flows used in investing activities was $3.5 million for the year ended December 31, 2019, as compared to net cash flows provided by investing activities of $12.8 million in 2018. In 2018, net cash flows provided by investing activities included proceeds received from the sale of certain property and equipment. There were no proceeds received from the sale of property and equipment in 2019.

Financing Activities

Net cash flows provided by financing activities decreased $5.9 million, or 37.9%, to $9.6 million for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019.

Proceeds from and payments on our Vehicle Floorplan Facility changed from the net cash inflow of $16.2 million for the three months ended March 31, 2019 to the net cash outflow of $8.3 million for the three months ended March 31, 2020, resulting in a net decrease in cash provided by financing activities of $24.5 million, primarily due to a decrease in our working capital requirements related to the decreases in our inventory levels in order to respond to the COVID-19 disruptions. Additionally, for the three months ended March 31, 2020, net cash flow provided by financing activities included a $1.1 million payment of issuance costs related to the 2020 Vehicle Floorplan Facility and $0.8 million of payments related to planned initial public offering costs. These decreases were partially offset by the issuance of $21.7 million of Series H preferred stock, net of issuance costs paid, for the three months ended March 31, 2020.

Net cash flows provided by financing activities increased $142.9 million, or 107.9%, to $275.2 million for the year ended December 31, 2019, as compared to 2018. Net cash flows provided by financing activities in 2019 included the issuance of $227.5 million of Series H preferred stock, as compared to the issuance of $145.9 million of Series G preferred stock in 2018. Additionally, proceeds from and payments on our Vehicle Floorplan Facility increased $343.9 million and $258.0 million, respectively, resulting in a net increase in cash provided by financing activities of $85.9 million for the year ended December 31, 2019, as compared to 2018. These increases were partially offset by $25.2 million of repayments of our long-term debt in 2019.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2019:

	Payments Due by Year				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in thousands)				
Vehicle Floorplan Facility (excluding interest)	$173,461	$ 173,461	$ —	$ —	$ —
Operating leases	20,093	5,509	11,139	3,445	—
Other	1,468	352	872	244	—
Total	$195,022	$ 179,322	$12,011	$ 3,689	$ —

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements, as defined by applicable regulations of the SEC, that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

JOBS Act

We ceased to be an emerging growth company as of December 31, 2019, due to generating more than $1.07 billion in annual revenue for the year ended December 31, 2019. However, because we ceased to be an emerging growth company after we confidentially submitted our registration statement related to this offering to the SEC, we will be treated as an “emerging growth company” as defined in the Jobs Act for certain purposes until the earlier of the date on which we complete this offering and December 31, 2020. As such, we intend to take advantage of certain reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- only two years of audited financial statements are required to be included in this prospectus, in addition to any required interim financial statements, and correspondingly reduced disclosure in

this “Management’s Discussion and Analysis of Financial Condition and Results of Operations;” and

- reduced disclosure obligations regarding executive compensation in this prospectus.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can use an extended transition period for complying with new or revised accounting standards. This permits an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We elected to use this extended transition period under the JOBS Act.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of 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 income taxes, the realizability of inventory, stock-based compensation, revenue-related reserves, as well as impairment of goodwill and long-lived 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.

We believe that the accounting policies described below involve a significant degree of judgment and complexity. Accordingly, we believe these are the most critical to aid in fully understanding and evaluating our financial condition and results of operations. For further information, see “Note 2—Summary of Significant Accounting Policies” and “Note 3—Revenue Recognition” in the Notes to Consolidated Financial Statements included elsewhere in this prospectus.

Revenue Recognition

We elected to early adopt ASU 2014-09, *Revenue from Contracts with Customers (“Topic 606”)*, as of January 1, 2018 utilizing the modified retrospective approach applied only to contracts not completed as of the date of adoption.

We recognized a net decrease to accumulated deficit of approximately $1.7 million as of January 1, 2018 due to the cumulative effect of adopting Topic 606.

Revenue consists of retail vehicle sales through our ecommerce platform and TDA retail location, wholesale vehicle sales and other revenues. Revenue also includes delivery charges. Our product revenue consists of fees earned on customer vehicle financing from third-party lenders and fees earned on sales of other value-added products, such as extended warranty contracts, GAP insurance policies and tire and wheel insurance policies.

We recognize revenue upon transfer of control of goods or services to customers, in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. We may collect sales taxes and other taxes 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.

Our revenue is disaggregated within the consolidated statement of operations and is generated from customers throughout the United States.

Retail Vehicle Revenue

We sell vehicles to our retail customers through our Ecommerce segment and our TDA segment. The transaction price for vehicles is a fixed amount as set forth within the customer contract at the time of sale. Customers frequently trade-in their existing vehicle to apply the amount received for such vehicle towards the transaction price of a purchased vehicle. Trade-in vehicles represent noncash consideration, which we measure at an agreed upon price based on fair value, which is based on external and internal market data for each specific vehicle. We generally satisfy our performance obligation and recognize revenue for vehicle sales at a point in time when the vehicles are delivered to the customers for ecommerce sales or picked up by the customer for TDA sales. The revenue recognized by us includes the agreed upon transaction price, including any delivery charges stated within the customer contract. Revenue excludes any sales taxes, title and registration fees, and other government fees that are collected from customers.

We receive payment for vehicle sales directly from the customer at the time of sale or from third-party financial institutions within a short period of time following the sale if the customer obtains financing. Payments received prior to delivery or pick-up of used vehicles are recorded as “Deferred revenue” within the consolidated balance sheet.

We offer a return policy for used vehicle sales and establish a provision for estimated returns based on historical information and current trends. The reserve for estimated returns is presented gross on the consolidated balance sheet, with an asset recorded in “Prepaid expenses and other current assets” and a refund liability recorded in “Other current liabilities.”

Wholesale Vehicle Revenue

We sell vehicles that do not meet our Vroom retail sales criteria primarily through wholesale auctions. Vehicles sold at auctions are acquired from customers who trade-in their vehicles when making a purchase from us and also from customers who sell their vehicles to us in direct-buy transactions. The transaction price for a wholesale vehicle is a fixed amount that is determined at the auction. We satisfy our performance obligation and recognize revenue for wholesale vehicle sales when the vehicle is sold at auction. The transaction price is typically due and collected within a short period of time following the vehicle sales.

Product Revenue

Our product revenue consists of fees earned on customer vehicle financing from third-party lenders and fees earned on sales of other value-added products such as extended warranty contracts, GAP insurance policies and tire and wheel insurance policies. We sell these products pursuant to arrangements with the third parties that provide these products and are responsible for their fulfilment. We concluded that we are an agent for these transactions because we do not control the products before they are transferred to the customer. As an agent, our performance obligation is to arrange for the third party to provide the products. We recognize product revenues on a net basis when the customer enters into an arrangement for the products, which is typically at the time of a used vehicle sale.

Customers may enter into retail installment sales contracts to finance the purchase of used vehicles. We sell these contracts on a non-recourse basis to various financial institutions. We receive fees from the financial institution based on the difference between the interest rate charged to the customer that purchased the vehicle and the interest rate set by the financial institution. These fees are recognized upon sale and assignment of the installment sales contract to the financial institution.

A portion of the fees earned on these products is subject to chargebacks in the event of early termination, default, or prepayment of the contracts by end-customers. Our exposure for these events

is limited to fees that we receive. 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 our historical chargeback experience. We update our estimates at each reporting date. As of December 31, 2018 and 2019 and March 31, 2020, our reserve for chargebacks was approximately $1.7 million, $3.3 million and $3.5 million, respectively.

We also are contractually entitled to receive profit-sharing revenues based on the performance of the insurance policies once a required claims period has passed. We recognize profit-sharing revenue to the extent it is probable that it will not result in a significant revenue reversal. We estimate the revenue based on historical claims and cancellation data from our customers, as well as other qualitative assumptions. We reassess the estimate at each reporting period with any changes reflected as an adjustment to revenues in the period identified. As of December 31, 2018 and 2019 and March 31, 2020, we had recognized approximately $4.2 million, $6.9 million and $8.0 million, respectively, related to cumulative profit-sharing payments to which we expect to be entitled.

Other Revenue

Other revenue primarily consists of labor and parts revenue earned by us for vehicle repair services at TDA.

Inventory

Inventory consists of vehicles and parts and accessories and is stated at the lower of cost or net realizable value. Inventory cost is determined by specific identification and includes acquisition cost, direct and indirect reconditioning costs, and in-bound transportation costs. Net realizable value is the estimated selling price less costs to complete, dispose and transport the vehicles. We recognize any necessary adjustments to reflect inventory at the lower of cost or net realizable value in cost of sales in the consolidated statements of operations.

Shipping and Handling

Our logistics costs relate to transporting vehicle inventory and are primarily third-party transportation fees. The portion of these costs related to inbound transportation from the point of acquisition to the relevant reconditioning facility is included within inventory and reclassified into cost of sales when the related vehicle is sold. Logistics costs related to delivery vehicles sold to customers are accounted for as costs to fulfil contracts with customers and are included in “Selling, general and administrative expenses” in the consolidated statement of operations and were approximately $6.4 million and $14.0 million for the years ended December 31, 2018 and 2019, respectively, and $2.3 million and $5.8 million for the three months ended March 31, 2019 and 2020, respectively.

Leases

We elected to early adopt Topic 842 as of January 1, 2020 using the modified retrospective approach with any cumulative-effect adjustment to opening retained earnings (accumulated deficit) with no restatement of comparative periods. Upon adoption, we recognized $18.4 million of operating lease liabilities and $17.4 million of operating lease right-of-use assets.

The adoption of Topic 842 did not result in a cumulative effect adjustment to accumulated deficit. We elected to utilize the package of practical expedients for transition which permitted us to not reassess our prior conclusions regarding whether a contract is or contains a lease, lease classification and initial direct costs.

We did not elect the hindsight practical expedient to determine lease terms. We elected the short-term lease recognition exemption for all leases that qualify and the practical expedient to not separate lease and non-lease components of leases.

Goodwill and Intangible Assets

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed in business combinations. Goodwill is tested for impairment annually as of October 1, or whenever events or changes in circumstances indicate that an impairment may exist.

We have three reporting units: Ecommerce, TDA and Wholesale. In performing our annual goodwill impairment test, we first review qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing qualitative factors, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the quantitative test is unnecessary and our goodwill is not considered to be impaired. However, if based on the qualitative assessment we conclude that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, or if we elect to bypass the optional qualitative assessment as provided for under GAAP, we proceed with performing the quantitative impairment test.

As a result of developments in the current economic environment related to the COVID-19 pandemic and its impact on the operations of our physical retail location, we determined that an interim quantitative goodwill impairment test was required for the TDA reporting unit as of March 31, 2020. The results of the quantitative test indicated that the fair value of the TDA reporting unit substantially exceeded carrying value and that the TDA reporting unit was not at risk of failing the quantitative impairment test. The quantitative impairment test was performed utilizing the discounted cash flow method described further below. The projected cash flows utilized for the impairment test were developed by us to reflect the expected impact from the COVID-19 pandemic based on information that is known or knowable. Given the uncertainties regarding the magnitude and duration of the COVID-19 pandemic and the length of time over which the disruptions caused by COVID-19 will continue, we also performed a sensitivity analysis whereby we adjusted our cash flow projections to assume a slower than expected recovery. The results of the sensitivity analysis indicated that the fair value of the TDA reporting unit would still exceed carrying value.

Given the amount the fair value for the Ecommerce and Wholesale reporting units exceeded their carrying values, and after considering other relevant qualitative factors, we determined that interim goodwill impairment tests were not required for these reporting units as of March 31, 2020, as we determined that it is not more likely than not the fair value is less than the carrying value.

No goodwill impairment was determined to exist for the years ended December 31, 2018 and 2019. In connection with our annual goodwill impairment test as of October 1, 2019, we performed qualitative impairment assessments for each of our reporting units. The results of the qualitative assessments indicated that it was not more likely than not that the fair values of the reporting units were less than the carrying values. In connection with our annual goodwill impairment test as of October 1, 2018, we performed qualitative impairment assessments for the Ecommerce and Wholesale reporting units. The results of the qualitative assessments indicated that it was not more likely than not that the fair value of the reporting units were less than the carrying values. For our TDA reporting unit in 2018, we determined the most effective approach was to bypass the optional qualitative assessment and perform a quantitative impairment test. The results of the quantitative test indicated that the fair value of the TDA reporting unit substantially exceeded carrying value and that the TDA reporting unit was not at risk of failing the quantitative impairment test.

The quantitative goodwill impairment test requires a determination of whether the estimated fair value of a reporting unit is less than its carrying value. We estimate the fair value of our reporting units using an income valuation approach. The income valuation approach is applied using the discounted cash flow method which requires (1) estimating future cash flows for a discrete projection period (2) estimating the terminal value, which reflects the remaining value that the reporting unit is expected to generate beyond the projection period and (3) discounting those amounts to present value at a discount rate which is based on a weighted average cost of capital that considers the relative risk of the cash flows. The income valuation approach requires the use of significant estimates and assumptions, which include revenue growth rates, future gross profit margins and operating expenses used to calculate projected future cash flows, determination of the weighted average cost of capital, and future economic and market conditions. The terminal value is based on an exit multiple which requires significant assumptions regarding the selection of appropriate multiples that consider relevant market trading data. We base our estimates and assumptions on our knowledge of the automotive and ecommerce industries, our recent performance, our expectations of future performance and other assumptions we believe to be reasonable. Actual future results may differ from those estimates. We also make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units.

Our intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Trademarks	5 years
Technology	4 years

We periodically reassess the useful lives of the definite-lived intangible assets when events or circumstances indicate that useful lives have significantly changed from the previous estimate.

Impairment of Long-Lived Assets

We evaluate long-lived assets, including definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When impairment indicators are present, the recoverability of an asset is measured by comparing the carrying value of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charges were recognized for the years ended December 31, 2018 and 2019.

Income Taxes

We account for income taxes under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, as well as for operating loss and tax credit carry forwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect to recover or settle those temporary differences. We recognize the effect of a change in tax rates on deferred tax assets and liabilities in the results of operations in the period that includes the enactment date. We reduce the measurement of a deferred tax asset, if necessary, by a valuation allowance if it is “more-likely-than-not” that we will not realize some or all of the deferred tax asset. We maintained a full valuation allowance against net deferred tax assets because we determined that is it more likely than not that these assets will not be fully realized based on a current evaluation of expected future taxable income and we are in a cumulative loss position.

We account for uncertain tax positions by recognizing the financial statement effects of a tax position only when, based upon technical merits, it is “more likely than not” that the position will be sustained upon examination. Potential interest and penalties associated with unrecognized tax positions are recognized in income tax expense.

Stock-Based Compensation

We recognize the cost of employee services received in exchange for stock awards based on the fair value of those awards at the date of grant over the requisite service period. We use the Black-Scholes-Merton option-pricing model, which we refer to as Black Scholes option-pricing model, to determine the fair value of our stock-based awards. Estimating the fair value of stock-based awards requires the input of subjective assumptions, including the estimated fair value of our common stock, the expected life of the options, stock price volatility, the risk-free interest rate and expected dividends. The assumptions used in the Black-Scholes option-pricing model represent our best estimates and involve a number of variables, uncertainties and assumptions and the application of management’s judgment, as they are inherently subjective.

Recently Issued and Adopted Accounting Pronouncements

See “Note 2—Summary of Significant Accounting Policies—Adoption of New Accounting Standards” in the Notes to consolidated Financial Statements included in this prospectus for a discussion of accounting pronouncements recently adopted and recently issued accounting pronouncements not yet adopted and their potential impact to our consolidated financial statements.

Quantitative and Qualitative Disclosure About Market Risk

Market risk is the risk of economic losses due to adverse changes in financial market prices and rates. Our primary market risk has been interest rate risk and inflation risk. We do not have material exposure to commodity risk.

Interest Rate Risk

As of December 31, 2018, 2019 and March 31, 2020, we had an outstanding balance under the vehicle floorplan facility of $95.5 million, $173.5 million and $165.2 million, respectively. The vehicle floorplan facility bears interest at a rate equal to the 1-Month LIBOR rate applicable in the immediately preceding month, plus a spread of 425 basis points. A hypothetical 10% change in interest rates during the years presented would result in a change to annual interest expense of $0.8 million, $1.0 million and $0.3 million for the years ended December 31, 2018 and 2019 as well as the three months ended March 31, 2020, respectively.

As of December 31, 2018, we had an outstanding balance under the Term Loan Facility of $24.3 million net of issuance cost. In December 2019, we repaid in full the outstanding balance of the Term Loan Facility. The Term Loan Facility incurred interest at the one-month LIBOR rate as of the borrowing date.

Inflation Risk

Inflationary factors such as increases in overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of operating expenses as a percentage of revenue, if the selling prices of our products do not increase with these increased costs.

BUSINESS

Our Vision

Build the world's premier platform to research, discover, buy and sell vehicles.

Our Company

Vroom is an innovative, end-to-end ecommerce platform that is transforming the used vehicle industry by offering a better way to buy and a better way to sell used vehicles. We are deeply committed to creating an exceptional experience for our customers.

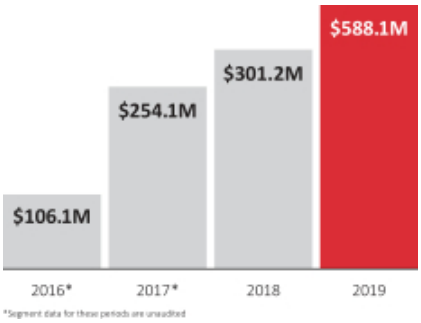
We are driving enduring change in the industry on a national scale. We take a vertically integrated, asset-light approach that is reinventing all phases of the vehicle buying and selling process, from discovery to delivery and everything in between. Our platform encompasses:

- **Ecommerce:** We offer an exceptional ecommerce experience for our customers. In contrast to legacy dealerships and the peer-to-peer market, we provide consumers with a personalized and intuitive ecommerce interface to research and select from thousands of fully reconditioned vehicles. Our platform is accessible at any time on any device and provides transparent pricing, real-time financing and nationwide contact-free delivery right to a buyer's driveway. For consumers looking to sell or trade in their vehicles, we provide attractive market-based pricing, real-time, guaranteed purchase offers and convenient, at-home vehicle pick-up.
- **Vehicle Operations:** Our scalable and vertically integrated operations underpin our business model. We strategically source inventory from auctions, consumers, rental car companies and dealers. We improve our ability to acquire high-demand vehicles through enhanced supply science across all our sourcing channels and we are expanding our national marketing efforts to drive consumer sourcing. In our reconditioning and logistics operations, we deploy an asset-light strategy that optimizes a combination of ownership and operation of assets by us with strategic third-party partnerships. This hybrid approach provides flexibility, agility and speed without taking on unnecessary risk and capital investment, and drives improved unit economics and operating leverage.
- **Data Science and Experimentation:** Data science and experimentation are at the core of everything we do. We rely on data science, machine learning and A/B and multivariate testing to continually drive optimization and operating leverage across our ecommerce and vehicle operations. We leverage data to increase the effectiveness of our national brand and performance marketing, enhance the customer experience, analyze market dynamics at scale, calibrate our vehicle pricing and optimize our overall inventory sales velocity. On the operations side, data science and experimentation enables us to fine tune our supply, sourcing and logistics models and to streamline our reconditioning processes.

The U.S. used automotive market is the largest consumer product category, generating approximately $841 billion from sales of approximately 40 million units in 2019. The industry is highly fragmented with over 42,000 dealers and millions of peer-to-peer transactions. It also is ripe for disruption as an industry that is notorious for consumer dissatisfaction and has one of the lowest levels of ecommerce penetration at only 0.9%. Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030. Our platform, coupled with our national presence and brand, provides a significant competitive advantage versus local dealerships and regional players that lack nationwide reach and scalable technology, operations and logistics. The traditional auto dealers and peer-to-peer market do not and cannot offer consumers what we offer.

In December 2015, we acquired Houston-based TDA, which included our Vroom VRC, our sole physical retail location and our Sell Us Your Car® centers. From the launch of our combined operations in January 2016, our business has grown significantly as we have scaled our operations, developed our ecommerce platform and leveraged the network effects inherent in our model. Our ecommerce revenue grew at a 77.0% CAGR from 2016 to 2019, including year-over-year growth of 95.3% from 2018 to 2019.

Ecommerce Revenue



For the year ended December 31, 2019, we generated $1.2 billion in total revenue, representing a 39.3% increase over $855.4 million for the year ended December 31, 2018. For the three months ended March 31, 2020, we generated $375.8 million in total revenue, representing a 59.9% increase over $235.1 million for the three months ended March 31, 2019. Our business generated a net loss of $85.2 million, $143.0 million, $27.1 million and $41.1 million for the years ended December 31, 2018, 2019 and for the three months ended March 31, 2019 and 2020, respectively. We intend to continue to invest in growth to scale our company responsibly and drive towards profitability.

Our Industry and Market Opportunity

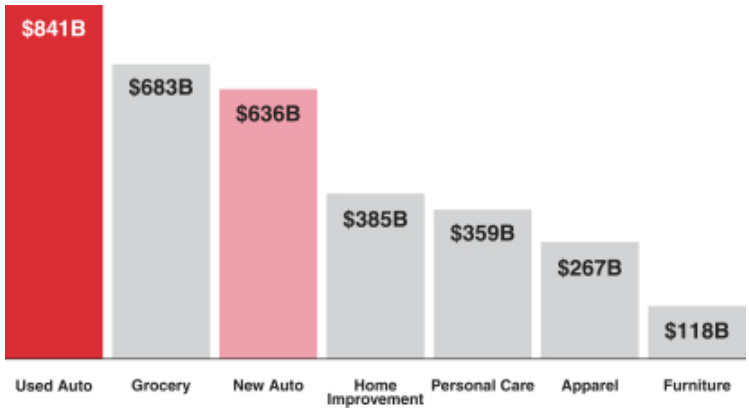
The U.S. used automotive industry is a massive market that is ripe for disruption due to its fragmentation, high level of consumer dissatisfaction, changing consumer buying patterns and lack of ecommerce and technology penetration.

The U.S. Used Automotive Market is Massive

The U.S. used automotive market is the largest consumer product category, generating approximately $841 billion from sales of approximately 40 million units in 2019. The used automotive market has sustained growth over time at significant scale, growing by $148 billion from sales of $693 billion in 2015 to $841 billion in 2019.[15]

15 2015 used automotive industry market size calculated from 2015 total units sold and 2015 average selling price according to Edmunds 2019 Report.

Industry Market Size



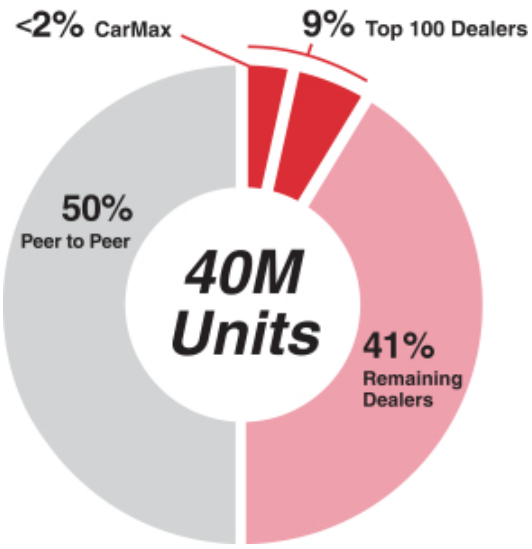
The U.S. Used Automotive Market is Highly Fragmented

Against the massive total addressable market of approximately $841 billion, the used automotive market is highly fragmented with approximately 42,000 automotive dealers and millions of peer-to-peer transactions across the country. Across all used vehicle sales in 2018, the largest U.S. used vehicle dealer had a market-share of only 1.8%, with the top 100 used vehicle dealers collectively representing only 8.6%.

Additionally, distribution of the approximately 40 million used vehicles sold in 2019 is highly fragmented and consists of approximately 21 million vehicles sold by franchised dealers and independent vehicle dealers (52%), which includes limited ecommerce sales, and approximately 19 million units sold by peer-to-peer sellers (48%), all of which represent our total addressable market.[16]

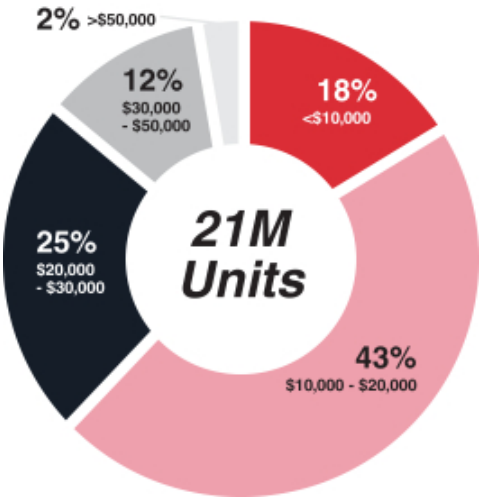
16 Cox Automotive Data.

Market Share by Unit[17]

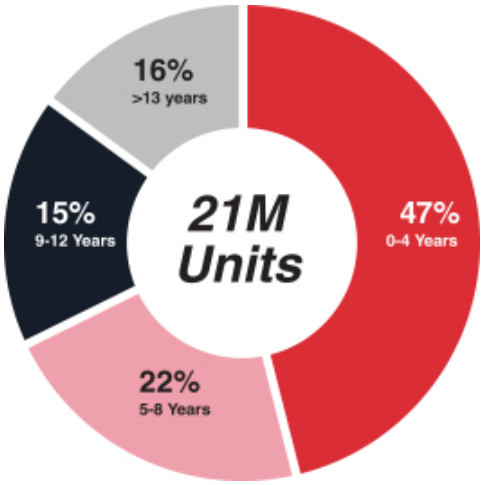


Finally, of the dealership retail vehicles sold in 2019, approximately 39% had a selling price of over $20,000, which is where the majority of our inventory is priced. In addition, approximately 47% were less than five years old, which is the average age of our inventory. With close to 19,000 units sold in 2019, we addressed 0.2% of each of retail units priced over $20,000 and retail units below five years in age.

Retail Units Sold Distribution by Price[18]



Retail Units Sold Distribution by Age[19]



17 See footnote 5 for CarMax and top 100 dealers market share calculation. Market share of peer to peer sales according to Cox Automotive Data.
18 Cox Automotive Data.
19 Cox Automotive Data.

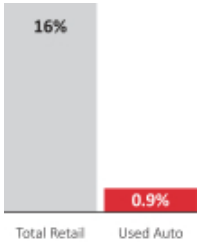
The Primary Competitors in the U.S. Used Automotive Market Rely on an Outdated Business Model

The traditional dealership model involves limited selection, lack of transparency, high pressure sales tactics and inconvenient hours. These shortcomings have caused many consumers to circumvent the dealer and transact on their own, creating a large peer-to-peer market for used vehicles. However, the peer-to-peer market comes with its own set of challenges for both buyers and sellers, entailing home visits by strangers, lack of secure payment methods or identity checks, difficulty researching available vehicles and lack of verified vehicle condition. Presented with these alternatives, the overwhelming majority of consumers are dissatisfied with the current automotive buying and selling experience. According to a 2019 Gallup survey, vehicle salespersons consistently rank as one of the least trusted professions, with only 9% of respondents reporting trust in that profession. Furthermore, in another survey, 81% of respondents reported dissatisfaction in the car buying process.

Ecommerce Penetration in the U.S. Used Automotive Market is Just Beginning

The used automotive market has one of the lowest ecommerce penetration levels, with only a 0.9% share of all retail used automotive sales in 2018, representing significant upside as compared to the current ecommerce penetration of other consumer product categories. Industry reports estimate that ecommerce penetration will grow to as much as half of all used vehicle sales by 2030. In a 2019 survey, 49% of consumers reported that they are willing to make a vehicle purchase online.[20] Furthermore, while it is too soon to measure the long-term impact of the COVID-19 pandemic on consumer behavior, in a survey conducted after the onset of the COVID-19 pandemic, consumers expressed a stronger preference for transacting online rather than offline. Moreover, in another survey conducted after the onset of the COVID-19 pandemic, consumers reported reduced use of ride-sharing services, greater use of personal vehicles and an increase in willingness to purchase a vehicle.

Ecommerce Penetration



Consumers Increasingly Desire Convenience and Customization through Ecommerce

Following the pattern in other consumer retail categories, the U.S. retail used automotive market is experiencing shifting consumer buying patterns from in-store towards online purchases. In particular, mobile commerce is poised for even faster growth than broader ecommerce. Consumers are increasingly focused on customized products and personalized services, while also expecting delivery of those products and services on-demand. This trend creates opportunities for us as we offer an extensive inventory from which consumers can select not only the make and model of a vehicle, but also the model year, color, trim and options in many combinations across any device at any time. This selection, combined with personalized search results, offers a customized shopping experience not possible at a traditional used vehicle dealer or in the peer-to-peer market.

20 Digital Commerce 360 Report.

Used is the new "New"

Consumers are becoming increasingly willing to buy used goods. In 2019, 64% of vehicle shoppers considered buying a used vehicle before making a purchase decision, up from 61% in 2018. At the same time, the average price differential between new and three-year-old used vehicles grew from $11,000 in 2015 to nearly $14,000 per vehicle in 2018.[21] As a result, owning or leasing a new vehicle has become increasingly unaffordable. Additionally, in 2019, used vehicle sales exceeded 98% as a percentage of new vehicle sales, up from 89% in the previous year, further demonstrating consumers' shifting preferences towards used cars. The purchase of a used vehicle enables a consumer to obtain a fully reconditioned vehicle at a higher standard of luxury or with highly sought-after features for the same dollar amount as a new, lesser-model vehicle. In this shifting market, Used is the new "New."

The U.S. Used Automotive Market is Growing and Resilient

American consumers continue to exhibit entrenched vehicle ownership trends with approximately 284 million registered vehicles on the road in 2019, as compared to 279 million in 2018. Further, approximately 91.5% of families in the United States had at least one vehicle in 2018. Despite the rise in ridesharing and vehicle sharing, 83% of all U.S. adults drove a vehicle at least several times a week in 2018.[22] Additionally, the retail used vehicle market generally shows resilience through recessionary markets and other challenging economic cycles. Used car sales (including wholesale and retail) showed a much more muted decline of 11.9% from 2007 to 2009, while new car sales declined by 21.5% from 2007 to 2009. While the average new vehicle gross profit margin fell from 6.9% in 2007 to 6.7% in 2009, used vehicle gross profit margins (including wholesale and retail) increased from 8.9% in 2007 to 9.4% in 2009. While it is too soon to know how the used vehicle industry will perform once the COVID-19 pandemic has subsided, we believe the industry will continue to show resilience and that our model is well suited to fulfill consumer demand for ecommerce vehicle transactions and convenient, contact-free delivery.

In light of the fragmentation, consumer dissatisfaction and lack of ecommerce penetration of the used vehicle industry, there is room for multiple participants to disrupt the traditional dealership model and peer-to-peer market by offering ecommerce solutions that leverage technology and data analytics to achieve superior operational efficiency and exceptional customer experience.

What We Do: Offer a Better Way

We are driving a better way to buy and a better way to sell used vehicles and bringing about enduring change in the industry. Our platform brings together all phases of the vehicle buying and selling process in a seamless, intuitive and convenient way. We create a climate of trust and provide an exceptional experience with complete transparency by eliminating friction and sales pressure. The traditional auto dealers and peer-to-peer market do not and cannot offer consumers what we offer. We offer a better way.

A Better Way to Buy

For consumers looking to buy a used vehicle, we offer a value proposition that differs markedly from traditional auto dealers and the peer-to-peer market. We are dedicated to helping customers evolve from wary shoppers to confident owners by streamlining the entire buying process, from discovery through financing to delivery, by offering the following:

- **Enormous Selection of Inventory.** We currently offer a growing inventory of thousands of low-mileage, high-demand vehicles. By making purchasing decisions based on data rather than

21 Edmunds 2019 Outlook.
22 Gallup, July 2019.

intuition, we are able to offer a wide selection of vehicles that excite our customers. Consumers no longer have to settle for traditional dealerships with a limited number of vehicles on hand or scour local peer-to-peer listings and travel to a seller's location.

- **Consistent High Quality.** All of our vehicles pass our detailed inspections and meet our proprietary Vroom Reconditioning Standards, which result in high-quality used vehicles backed by our free Vroom 90-Day Limited Warranty. We never lose sight of the fact that the used vehicles we sell are "new" to our customers.
- **Comprehensive and Transparent Vehicle Information.** We remove the asymmetry of information between dealers and consumers by providing comprehensive and transparent information on the vehicles we sell. We eliminate bait-and-switch risk through high-resolution photography and detailed product descriptions on our platform, which show our customers every aspect of our vehicles from all angles, and provide third-party vehicle history reports on all of our vehicles.
- **Customized Vehicle Search and Discovery.** In addition to the size and diversity of our inventory selection, we provide buyers with a personalized, intuitive interface with detailed sorting, searching and filtering functionality. This enables our customers to research and discover the right car for their unique needs.
- **Competitive, Market-based Pricing.** We price our vehicles using data science and proprietary algorithms, ensuring that buyers receive attractive, market-based, no-haggle pricing. Our pricing strategy takes into account hundreds of variables when determining the accurate market price of a vehicle, including items beyond make, model and color that are unavailable to traditional dealerships, such as proprietary historical purchase and sales data.
- **Exceptional Customer Support.** Our professional customer experience team accompanies the buyer through every step of the process to make sure all questions are answered and any concerns are addressed. In all of our customer interactions, our goal is to ensure that every customer is a delighted customer.
- **On-Demand Shopping and Contact-Free, Convenient Delivery Experience.** We offer customers the ability to shop for their desired vehicle at any time, on any device and from any location. We also deliver our vehicles nationwide to a location of our customer's choosing. Our on-demand shopping and contact-free, convenient delivery not only saves our customers a trip to the dealership, it provides the ultimate driveway experience.
- **Value-Added Products.** We provide seamlessly integrated, real-time, individualized financing solutions through our strategic partnerships with trusted lenders in automotive finance and give our customers access to competitive market rates. We also offer third-party finance and insurance products, including other extended warranty contracts, GAP insurance policies and tire and wheel insurance policies, all with transparent pricing.
- **Assurance.** Our Vroom 7-Day Return Policy offers customers seven days or 250 miles to test drive their purchase with their family, versus a seven-minute test drive around the block at a dealership. This fundamentally transforms the customers' test drive experience by providing the opportunity to see truly how their vehicle performs in day-to-day life.

A Better Way to Sell

We are revolutionizing the process for consumers to sell or trade-in their vehicles. Consumers typically encounter either low-ball prices from their local dealer or face the prospect of advertising and selling the vehicle themselves in a time-consuming process through the peer-to-peer market. In contrast, we offer consumers the following:

- **Ease of Use.** We offer the ease of online submission of basic vehicle information in order to receive an appraisal. There is no trip to the dealership and no cost to submit a vehicle for sale, but rather a simple, hassle-free process enabling customers to sell us their vehicles.
- **On-Demand Appraisals.** Our Sell Us Your Car® proposition gives customers on-demand appraisals. We utilize our extensive data insights and experience across thousands of transactions to generate a purchase offer that reflects a competitive market-based price, providing customers a fast and easy customer experience.
- **A Guaranteed, Real-Time Price on Every Vehicle.** For every vehicle that customers submit for appraisal, we provide a guaranteed price and purchase offer.
- **No High-Pressure Tactics.** We keep all purchase offers open for two days or 250 miles. This process allows customers to shop, compare and analyze the sale of their vehicle from the convenience of their home to ensure they are getting the best value, eliminating pressure to take a deal on the spot.
- **Convenient, Contact-Free Vehicle Pick-ups.** Our customers enjoy the convenience of national, at-home contact-free vehicle pick-up free of charge within days of accepting our offer.
- **No Hastle Pay-offs.** As an added convenience, we offer hassle-free customer payment and/or pay-off of any loans on the vehicle being sold, saving the customer time and paperwork.

Our Competitive Strengths

A Leading Ecommerce Platform for Used Vehicles

We offer an end-to-end, ecommerce platform for buying, selling, transporting, reconditioning, pricing, financing, registering and delivering vehicles nationwide. Our platform encompasses every element of the customer experience and ensures quality and consistency. Our customer-centric business model addresses the shortcomings of the traditional dealership model and peer-to-peer market. We combine high-quality and high-demand vehicles, asset-light, scalable reconditioning operations, a national logistics network and an exceptional ecommerce experience. In addition, our ability to control the entire customer value chain from demand generation to pick-up or delivery to the customer’s driveway creates operating leverage as we scale, further driving the network effects inherent in our business and contributing to our path to profitability.

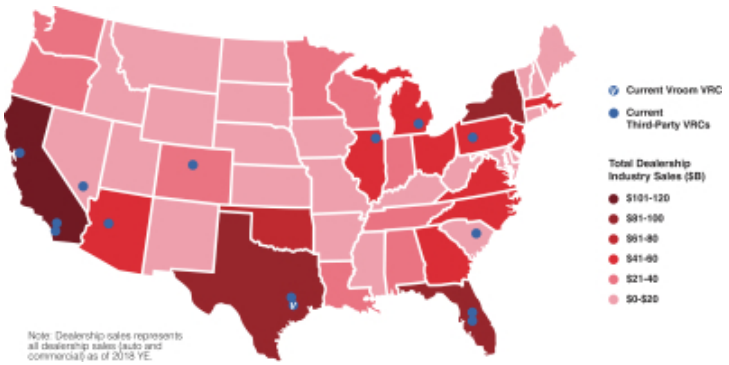
Asset-Light, Scalable Operations

An asset-light strategy is fundamental to our business model, and our future growth strategies are focused on developing our ecommerce business without the need for capital investment in physical retail locations. We seek to optimize the combination of ownership and operation of assets by us, with strategic third-party partnerships. Our strategy provides flexibility, agility and speed as we scale our business, without taking on the unnecessary risk and capital investment inherent in direct investment. We employ this hybrid approach across our business and utilize strategic relationships with experienced and trusted providers to optimize reconditioning services, logistics, consumer financing and customer experience.

Reconditioning Facilities. Our hybrid approach combines the use of our Vroom VRC and third-party VRCs to best meet our reconditioning needs as we continue to expand our business. Powered by

lean manufacturing technology, our Vroom VRC currently handles the reconditioning of a majority of our vehicles. We also leverage our partnerships with third parties within the reconditioning industry to recondition the remainder of the vehicles in our inventory to our Vroom Reconditioning Standards, which creates capacity to scale quickly and efficiently, while simultaneously reducing our capital commitments and expanding our geographic footprint.

VRC Locations[23]



Logistics. We primarily use third-party carriers for our inbound and outbound logistics operations while also developing our proprietary logistics capabilities. Our strategic carrier arrangements with national haulers allow us to efficiently deliver vehicles to customers throughout the United States while focusing on expanding other critical components of our business, such as the volume and selection of vehicles in our inventory. This strategy enhances the flexibility, agility and speed of our growth and reduces the capital commitments in logistics required to achieve such growth.

Customer Financing. By partnering with many of the largest and most trusted banks in the world, including our strategic lender relationship with Chase, we arrange reliable vehicle financing for our customers while avoiding the increased risk associated with underwriting consumer debt and carrying financing receivables on our books. This low-risk, high-margin financing structure enables us to provide customers with an essential aspect of the vehicle-buying process without adding additional debt commitments to our balance sheet and operational cost and complexities to our business.

Customer Experience Team. In addition to our in-house customer support personnel, we have partnered with a leading customer experience management provider to operate our primary call center. This strategy enables us to centralize our contact center services, ensure consistency in customer interactions, increase conversion and maximize operating efficiencies.

Relentless Focus on Data Science

Data science is at the core of everything we do, and all aspects of our business are enhanced by data analytics. In an industry that historically used intuition and basic industry-wide data to drive purchasing and pricing decisions, we are moving from intuition to algorithm. We are expanding and continuously improving our access to data, using data science and machine learning across our business to maximize efficiency. Our proprietary technology, machine learning and data analytics models continuously optimize our marketing investments and conversion funnel, fine-tune our supply,

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sourcing and logistics models, calibrate our vehicle pricing, streamline our reconditioning processes and optimize our overall inventory sales velocity.

Continuous Experimentation and Innovation at Scale

We strive to make key decisions based on data and testing. We continuously experiment using A/B and multivariate testing methodologies to drive conversion, innovation and improved unit economics. We test variables involved in sourcing, buying, reconditioning, and managing our inventory, and make decisions based on the data insights gained from such continuous experimentation. We integrate a full-stack statistics engine that is connected to our front-and back-end operations, enabling us to A/B test across all aspects of our business, including our marketing and conversion funnel, inventory procurement, management, refurbishment and sales processes. For example, we run testing on our pricing algorithms as a way to better understand the relationship between price point and time listed as it relates to probability of sale and profitability. We utilize A/B tests against several variables, such as size and rate of price adjustments, as a way to optimize our price adjustment curves.

National Market Penetration and Brand

Our national presence provides a significant competitive advantage versus local dealerships and regional players that lack scalable technology, operations and logistics, and are unable to take advantage of the efficiencies and lower costs of national brand advertising. We are able to deliver a superior customer experience through the breadth and diversity of our national inventory of thousands of vehicles on our platform. Consumers no longer have to settle for whatever the local dealer has on the lot or scour local peer-to-peer listings and travel to a seller's location for a unknown, time-consuming experience, which is demonstrated by our NPS score of 52 as of March 31, 2020. Additionally, our customers enjoy the convenience of national, at-home delivery and pick-up of vehicles. We also leverage our national marketing campaigns to efficiently increase brand awareness and attract and convert new customers at lower cost. Our brand's national reach provides a significant advantage over local dealers who typically rely on costly local or regional advertising campaigns.

Difficult to Replicate Business Model

Our platform overcomes the unique operational and technological challenges associated with buying and selling used vehicles in an ecommerce channel. Each vehicle that we offer through our platform has a unique VIN and requires multiple touch points, including appraisal, inspection, reconditioning, photography, pricing and delivery. It requires significant funding sources to finance the acquisition of inventory, the ability to source and manage complex inventory, pricing and appraisal optimization skills, reconditioning expertise and sophisticated logistics capabilities. Given the significance of the purchase to a consumer, it also requires professional customer service and a brand that consumers can trust. These elements make our platform difficult to replicate. Our operational experience and the improvements we have made over time serve as important competitive moats. As we optimize the reconditioning process and home delivery, we benefit from years of data collected and lessons learned from having reconditioned and delivered tens of thousands of vehicles since our founding. To succeed, any new entrant to ecommerce used auto sales would require data-driven automotive expertise, ecommerce capabilities and scalable operations integrated in a single platform. While it is too soon to know how the used vehicle industry will perform once the COVID-19 pandemic has subsided, we believe the industry will continue to show resilience and that our model is well suited to fulfill consumer demand for ecommerce vehicle transactions and convenient, contact-free delivery.

Seasoned Leadership Team and an Exceptional Culture

Our success to date has been built on a culture that reflects our values: *s.p.e.e.d* – obsessive customer **service**, unwavering commitment to **progress**, appreciation of our **employees**, high

engagement, and passionate **development**. We maintain a deep commitment to prudent corporate governance, transparency, accountability and collaboration. The leadership team is comprised of seasoned executives who possess cross-vertical experience in the ecommerce, technology, retail and automotive sectors, and have a demonstrated track record of scaling businesses and achieving profitable growth. Building on lessons learned and experience leading digital disruption in other fields, we believe we can bring the same level of innovation to the automotive retail industry.

Our Growth Strategies and Path to Profitability

The core elements of our platform—ecommerce, vehicle operations and data science and experimentation—serve as the foundation of our growth strategies and path to profitability.

Drive Growth

Our business has grown significantly as we have scaled our operations. Our growth is not attributable to a single innovation or breakthrough, but to coalescence around multiple strategies that serve as points on our flywheel. The diversity and number of vehicles in our inventory drive demand and support expanded national marketing to enable us to acquire new customers more cost effectively, allowing us to invest back into our platform to continue to improve the customer experience, all of which drives increased conversion. This flywheel revolves, builds momentum and ultimately propels our business forward as we seek to drive disciplined growth and operating leverage.

Growth Flywheel

Grow and Optimize Vehicle Inventory

As a data driven business, we measure demand at the unique VIN level and use data analytics to inform our pricing and inventory selection. This enables us to curate an optimal inventory that matches market demand signals, driving higher conversion and sales. As we grow, we will continuously refine our inventory mix and expand our offerings across vehicle price points to serve a greater range of customers and increase our demand and conversion opportunities.

Expand Marketing and Maximize ROI

The strength of our brand and effectiveness of our advertising programs is critical to our ability to attract new customers cost effectively. Leveraging our advanced data analytics, we will continue to invest in national marketing campaigns and targeted performance marketing to identify, attract and convert new customers at lower cost. This strategy provides a significant advantage over local dealers who typically rely on costly local or regional campaigns and enables us to maximize return on our marketing spend. We also run sophisticated digital marketing across various vehicle listing sites, constantly monitoring performance and maximizing ROI with limited reliance on any one platform. Additionally, to date we have used search aggregators and social media platforms for advertising on a very limited basis, and we continuously seek new cost-efficient marketing opportunities and channels.

Deliver Exceptional Customer Experience

We believe that customer experience is fundamental to our ability to convert consumers into customers, attract new customers and ensure repeat customers. We seek to provide customers with an intuitive, trustworthy and convenient buying and selling experience, and we will continue to invest in our platform to further streamline the transaction process for our customers. We will also continue to invest in the development of our mobile experiences, including iOS and Android mobile applications, to strengthen customer engagement. We believe these investments will lead to greater consumer traffic to our platform, higher levels of customer satisfaction and increased conversion and sales.

Increase Conversion

Sales conversion drives revenue growth and is an output of the acceleration of every point on the growth flywheel. We will continue to invest in our technology framework to optimize all aspects of our conversion funnel by constantly A/B testing our web and mobile applications to ensure we are displaying the features and formats that are most likely to resonate with our customers and lead to increased sales.

Drive Profitability

Our business model benefits from network effects and significant operating leverage as it scales. We believe that improvements in our unit economics are the foundation to driving profitability and will be achieved by scaling and optimizing the following elements of our platform:

Optimize Vehicle Acquisition and Pricing

We strategically source inventory from auctions, consumers, rental car companies and dealers. We improve our ability to acquire the right vehicle at the right price through enhanced supply science across all our sourcing channels. We are expanding our national marketing efforts featuring our Sell Us Your Car® proposition to drive consumer sourcing. As a result, we expect to increase the number of vehicles we purchase from consumers, which typically generate higher gross profit per unit when sold compared to other inventory sources. In parallel, we continue to invest in data analytics and machine learning to optimize vehicle acquisition and pricing, increase sales velocity and drive profitability. We also intend to pursue third-party inventory that will expand our sourcing channels while offering attractive revenue models in an asset light, debt free structure.

Increase Reconditioning Capacity

As we scale our business, we intend to invest in increased reconditioning capacity. In addition to achieving cost savings and operational efficiencies, we will be focused on lowering our days to sale. We will continue to employ a hybrid approach that combines the use of Vroom VRCs with geographically dispersed third-party VRCs to best meet our reconditioning needs. As a key step in this strategy, going forward we intend to make capital investments in additional Vroom VRCs. At the same time, we are expanding our third-party VRC locations to provide added scale with reduced lead-time and greater flexibility. As we search for additional Vroom VRC and third-party VRC locations, leveraging our data analytics and deep industry experience, we take into account a combination of factors, including proximity to customers, transportation costs, access to inbound inventory and sustainable low-cost labor. All of these initiatives are designed to lower reconditioning costs per unit, and thereby improve per unit economics while enhancing the customer experience.

Expand Value-Added Products

Every vehicle sale creates potential for multiple additional revenue streams, including fees earned on third-party vehicle financing and fees from the sale of other value-added products. As we expand our business, we believe there are substantial opportunities to increase attachment rates on our existing value-added products through training, merchandising and technology enhancements. Strategic partnerships with lenders such as Chase and Santander provide enhanced revenue streams for us, as well as offering convenience, assurance and efficiency for our customers. Introducing new types of vehicle related finance and insurance products can provide additional revenues going forward. Because we are paid fees on the value-added products we sell, our gross profit on such products is equal to the revenue we generate on such sales. In addition to expanding our offering of value-added products, in the longer term, we see a significant opportunity to provide our customers with complementary services such as entertainment and location-based services. The addition of new value-added products and services will not only increase our product offerings and profitability but will also strengthen and extend our interactions with customers.

Strategically Develop Logistics Network

We primarily use third-party carriers for our inbound and outbound vehicle transport, and are in the process of developing strategic carrier arrangements with national haulers in order to optimize our logistics network. As part of our hybrid approach, we also operate our own logistics network in select markets and intend to continually evaluate and strategically expand our proprietary logistics operations. In optimizing our logistics network, our VRCs also serve as pooling points to aggregate acquired vehicles and can serve as hubs for staging vehicles for last-mile delivery to customers, which we expect will result in an improved delivery and pick-up experience for customers. We expect these enhanced logistics operations, combined with the expansion of strategically located VRCs, will drive lower inbound and outbound logistics costs.

Capitalize on New Product and Market Opportunities

Expand our Platform to Additional Products and Markets

We have designed and built an innovative platform with countless potential applications. We have the potential to leverage our platform for expansion into adjacent areas of technology-enabled commerce and fully deploy our technology, data analytics and business experience to take advantage of the opportunities this creates. We will have the flexibility to opportunistically pursue opportunities across markets, potentially including additional transportation and vehicle markets, global geographic markets and B-to-B business models.

Continue to Innovate on New Capabilities

Technological developments have had a significant impact on the automobile industry and are expected to continue to have an impact for the foreseeable future. Electrification and shared mobility in particular are expected to have a transformative impact on road transportation. We continuously monitor developments in autonomy, ride-hailing and ride-sharing as it relates to the overall automotive market, and we are well-positioned to expand our capabilities to participate actively as the industry evolves. As the automotive landscape develops, we will seek to capitalize on new opportunities.

Our Customer Experience

Buying a Vehicle

Our platform provides prospective purchasers of vehicles a differentiated buying experience compared to traditional auto dealers and the peer-to-peer market. This experience enables customers to easily browse our vast inventory, explore and arrange financing alternatives, select additional value-added products and schedule and coordinate the delivery of the purchased vehicle to a location of their choice.

Browsing our Inventory

Our platform provides customers the ability to browse an inventory of thousands of vehicles, including a broad selection of low mileage, high-demand vehicles, through any connected device. We give customers the ability to filter our selection of vehicles, including by make, model, mileage, color and other factors. Once a customer has selected a vehicle from our inventory, the customer can review the vehicle's profile, which includes approximately 20 high resolution photographs of the vehicle, a description of the vehicle and its features and ownership history. The description of the vehicle includes items such as body type, description of color scheme, VIN, fuel type, drive type, engine, transmission and other features, including items such as Bluetooth connectivity, rear-view cameras and heated seats. The platform provides an enhanced vehicle purchasing experience by giving customers immediate and complete transparency with respect to the condition and features of a vehicle.

Making it Yours

Following vehicle selection, customers promptly receive a call from a member of our customer experience team. The customer experience representative is available to answer any questions and to help the customer finalize the transaction. For customers who require financing, the agent also will assist in the loan application process and will inform the customer of the terms on which their vehicle financing has been approved. Depending on the customer's payment method and how much information the customer has previously provided online, this call can include taking a deposit, taking a down payment, collecting required identification documents, providing further details about where to mail their payment, and/or providing any applicable trade-in documents.

Selecting Value-Added Products

As the customer completes the purchase process, the customer experience representative explains the value-added product options, including extended warranty contracts, GAP insurance policies and tire and wheel insurance policies. Upon selection by the customer, we arrange for delivery of the value-added products through our network of third-party partners.

Getting it Delivered

The last step in the customer journey involves arranging for vehicle delivery. Customers select the location and timing of delivery along with any specific delivery instructions, and we arrange the delivery with our network of third-party carriers. In Orlando, Florida and Dallas, Texas, we provide Vroom last-mile delivery service, which involves delivery by a Vroom employee in one of our proprietary single-vehicle haulers. In response to the COVID-19 pandemic, we have increased the level of cleaning and sanitation of vehicles prior to making delivery to our customers, and also adjusted our delivery protocols to provide contact-free delivery to customers. After delivery is complete, under our Vroom 7-Day Return Policy, we offer customers seven days or 250 miles to test drive their purchase and return the vehicle to us if they are not satisfied.

Our 7-day (or 250-mile) return period starts once the vehicle is delivered to a customer, or when the customer picks it up from TDA. A customer can get to know the vehicle for a full week (or until driving it 250 miles, whichever comes first). To initiate a return, a customer simply emails us at a designated e-mail address or calls us at a toll-free number. For ecommerce customers, we then pick up the vehicle free of charge and refund to the customer all amounts paid for the vehicle and any purchased value-added products, along with all fees and taxes, other than the delivery fee. For TDA customers, they return the vehicle to our retail location and receive a full refund, other than a restocking fee.

Selling a Vehicle

We are replacing the time-consuming and stressful vehicle selling process with a hassle-free, contact-free experience that enables customers to sell us their vehicles quickly and efficiently using any desktop or mobile device. We have also adjusted our protocols to provide for contact-free pickup from customers in response to the COVID-19 pandemic. Customers answer a brief set of questions about their vehicle and receive a guaranteed purchase offer from Vroom. Customers who accept this offer then provide the basic documentation required (which often includes a title and mileage statement), after which Vroom provides free vehicle pick-up from the convenience of the customer's home. We offer convenient customer payment and/or pay-off of any loans on the vehicle being sold, saving the customer time and paperwork.

Tell Us About Your Car

Customers who choose the Sell Us Your Car® proposition visit our platform and start by providing a VIN. From there, the customer confirms or updates information about the vehicle, including information such as make, model and mileage. This step generally takes only a few minutes. Customers do not need to provide photographs of the vehicle, as our data analytics tools are able to accurately appraise the value of a vehicle based on the answers provided. Unlike the peer-to-peer market or traditional dealership offers, the Vroom offer is fully guaranteed.

Get Your Appraisal and Offer

Upon receiving a customer's application for an appraisal, we run the vehicle information through our central vehicle database in order to generate a competitive appraisal based on market demand, estimated reconditioning costs, depreciation and other factors that impact the retail and wholesale value of the vehicle. In order to offer customers the best value for their vehicle, we rely on a number of external and internal data points. Additionally, our customer experience team will provide customer assistance and answer any potential questions customers may have regarding their appraisal and the final offer made on their vehicle.

We Pick It Up, You Get Paid

After a customer has accepted our guaranteed purchase offer on their vehicle, a customer can arrange payment and at-home vehicle pick-up free of charge within days of accepting our offer. Using our network of third-party logistics operators, we arrange for vehicle pick-up from the convenience of the customer's home. In response to the COVID-19 pandemic, we have adjusted our logistics protocols to provide contact-free pick-up of vehicles from customers. If the vehicle we are picking up is to be resold by us through our retail channel, we ship it to one of our VRCs for reconditioning; if the vehicle we are picking up is to be sold at wholesale, we ship it to the nearest wholesale auction to be sold. Once the vehicle has been picked-up, and we have received the title documentation, the customer receives payment.

Trade-in Optionality

We also give customers the option of using the value of the vehicle that they are looking to sell to us towards the purchase of a new vehicle through our platform. If a customer opts for a trade-in, we do not typically transmit any payment to the customer, and instead apply the value of the customer's existing car towards lowering the overall amount of cash and/or financing for their new vehicle.

Our Marketing

We operate a multi-channel marketing strategy that includes both national brand and digital performance, marketing. We leverage various digital performance channels, including automotive

aggregator sites, to generate demand for Vroom inventory by VIN. In these channels, we manage the national distribution footprint of each VIN by continually optimizing its forward distribution to maximize consumer demand and achieve planned conversion, sales velocity and profitability.

We also run a national brand campaign through TV and online media, which commenced in the first quarter of 2019, and has shown strong momentum in its first year. Between the first quarter of 2019 and the first quarter of 2020, we have more than doubled total brand leads to our website, which means a customer began his or her journey by going straight to our website, and meaningfully increased our sales mix of direct brand leads. Because brand leads convert at a higher rate than all other marketing channels, we believe that continued growth of our national brand marketing campaign and an increasing mix of brand leads will improve our marketing efficiency. Brand media drives demand with consumers who are responding to the Vroom consumer value propositions of an online purchase process, home delivery, no-haggle prices, convenient trade-in, and overall transparency.

We analyze visitor traffic and customer interaction with our platform to identify and correlate visitor behavior with sales conversion. Our analytics enables us to measure and monitor the ROI generated by our marketing placements, which we then use to optimize placement and spend across marketing channels to balance sales velocity and profitability.

Our Operations

Inventory Management

Our inventory assortment and pricing models ingest millions of data points each day as we monitor, calibrate, and adjust our inventory position to fluctuations in the national market and within our ecommerce platform, including predicted sales performance and real-time customer demand and conversion.

Inventory Planning

Using national demand and conversion data, including both Vroom historical performance and third-party sales, we establish target inventory levels by vehicle type, price point, mileage, features, and other key attributes. We seek to maintain an optimal inventory mix to produce desired profits, sales velocity, and conversion outcomes as we manage our overall gross profit and growth rates.

Inventory Procurement

We source inventory from auctions, consumers, rental car companies and dealers. As we acquire vehicles, we continuously monitor inventory levels against our overall inventory model. In sourcing vehicles, we ingest supply available for sale nationally in the wholesale market and target vehicles for purchase based on our retail criteria, target margins, expected sales velocity and consumer demand that we see on our ecommerce platform and across our network of marketing partners.

Inventory Pricing

Using recent national sales data and leveraging proprietary data analytics, we establish the likely fair market value of each distinct VIN in our inventory, making adjustments based on the unique characteristics of the vehicle. Once the vehicle is posted for sale, we monitor real-time demand, conversion, sales velocity, and profitability data across our listed inventory. Using our data analytics, we constantly evaluate a variety of variables that impact conversion and adjust pricing, if needed, within our profitability targets.

Vehicle Operations

Our systems evaluate each new unit of inventory that we acquire in real-time. We use our proprietary software to process each unit including, queuing it for transport, assessing its reconditioning needs, tracking its location, and ultimately managing the vehicle through the reconditioning process.

Inbound Logistics

Upon acquisition, each vehicle is queued for pick-up and routed to an appropriate destination.

For retail-quality units we intend to recondition and sell, we analyze the time and cost required to transport a unit to each VRC, and then select the appropriate facility based on each VRC's current capacity and cycle time. The unit is then queued for delivery with a Vroom regional transport partner.

For units we intend to sell wholesale, we immediately queue transportation to the nearest auction site.

Our logistics algorithms are under continuous development and we expect to drive further efficiency in the near- and mid-term as we expand our national network of VRCs as well as incorporate additional inventory aggregation hubs.

Reconditioning

As newly purchased vehicles arrive at our VRCs, our proprietary reconditioning management software platform tracks every cosmetic and mechanical defect, as well as progress towards remediation, including level of effort, elapsed work time, estimated and actual costs, parts required and assigned personnel. Our reconditioning process has been lean-optimized to achieve target speed and quality metrics and reduce waste. Throughout the process, vehicle movement, queues, and cycle times are captured in real-time. Our teams measure performance against target throughput goals and a variety of additional operational metrics.

Once reconditioned, the vehicle goes through rigorous inspections and tests to comply with Vroom Reconditioning Standards. Vehicles that cannot satisfy Vroom Reconditioning Standards are flagged for wholesale disposition.

We have partnered with a leading national parts supplier to operate a large parts store within our Vroom VRC, complete with an on-site stockroom that maintains real-time availability for common parts, as well as expedited delivery for special orders.

Listing for Sale

We use proprietary software that supports full 360-degree exterior and interior views to capture high resolution pictures of each vehicle. These images are instantly transferred to our centralized cloud platform for quality control and for listing on vroom.com and third-party listing sites.

Transaction Processing

We have invested in technology and processes to streamline payment, financing, documentation and registration processes for our customers.

Payment and Financing

Customers who wish to finance a vehicle may apply for a vehicle loan on our platform. We collect a basic set of personal and financial information, which we then transmit to a network of national lending partners. As offers are returned from this collective inquiry, we then select and present an option or options for each customer. We collect the required loan stipulations—for example, we ask the customer to upload a photo of their driver's license—and facilitate the origination of the loan.

Once we collect a deposit, our system takes the vehicle off market and seamlessly synchronizes vehicle status on vroom.com and any other third-party listing site.

Documentation

Each transaction on our platform requires supporting documentation based on the transaction type (buy, sell, financed, cash, etc.) and local, state and federal regulation.

As customers progress through the purchase and sale processes, our systems generate the required supporting documents, populate the documents with the details of the transaction, and then deliver the completed documents as electronic files. Many of these documents can then be presented to the customer, signed, stored, and transmitted electronically. Where wet ink signatures are mandated, we produce printed copies and then mail the contracts for the customer to execute.

Titling and Registration

We receive, store, and deliver the title associated with most of the vehicles we buy and with all of the vehicles we sell. We comply with local title regulations to support title transfers. In some cases, we manage the title and vehicle registration process on behalf of our customers. Given the sensitivity of titles, we monitor and control the titling process with specialized business process automation software.

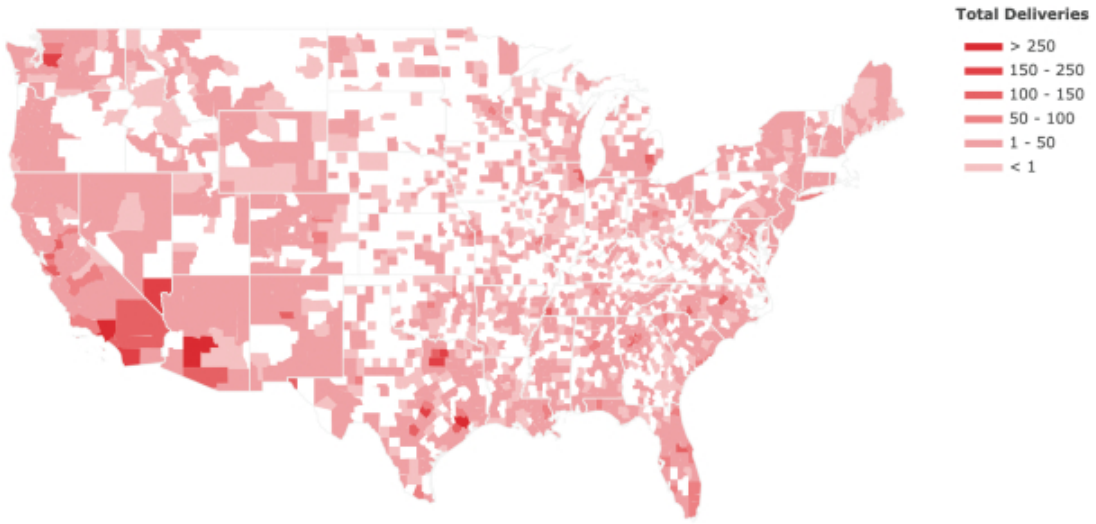
Other Value-Added Products

We present customers with applicable value-added products based on the characteristics of their vehicle purchase, including vehicle age, loan-to-value ratio, vehicle price, and customer location. If, for example, we present an extended warranty option to a customer, we seamlessly integrate with national insurance underwriters such as Safeguard to calculate the cost, length, and scope of the product to offer. Because our national lending partners provide loan approvals with loan capacity to accommodate value-added products without exceeding the maximum approved amount, many customers are able to finance these value-added products along with their vehicle at a very low incremental monthly cost.

Delivery and Pickup

Upon completion of a customer's vehicle purchase, the customer experience team contacts the customer to confirm and monitor the vehicle delivery process. Meanwhile, at the applicable VRC, the vehicle is retrieved, washed, inspected, staged and scheduled for pick-up by a national transportation provider. In some transactions, the vehicle may be dropped off at a local Vroom delivery hub where a Vroom employee completes the home delivery with a Vroom delivery truck. In response to the COVID-19 pandemic, we have increased the level of cleaning and sanitation of vehicles prior to making delivery to our customers, and also adjusted our delivery protocols to provide delivery to customers.

Deliveries per County[24]



Customers also can sell a vehicle to us through our platform, either as a direct transaction or as a trade-in on a vehicle purchase. Using our national logistics processes and infrastructure, we queue the customer's vehicle for pick-up and transport to the optimal reconditioning center or to a nearby wholesale auction.

Customer Experience Team

At any point in the buying or selling process, our customers may encounter questions or challenges they are not equipped to or comfortable with resolving online. Our customer experience team provides human support to our customers in these situations. Our customer experience team handles customer questions about vehicle selection, financing, and the purchase or sale process. The team has been trained on our sale process and our core values of transparency and high customer satisfaction.

Our Technology

Technology and data science are the foundation of all of our operations and strategic decision making.

Data Science

Our team of over 40 data scientists and engineers continuously extract and analyze additional information, processing over 160 million data points daily to create models that inform purchasing, pricing and market decisions, allowing us to understand price elasticity. We adjust price as a function of overall market value trend, taking into account competitor inventory, market price fluctuations, and relative inventory advantages. Leveraging this data and machine learning-based forecasting, our proprietary algorithms have historically been capable of forecasting sales out 60 days to within a 2% margin of error.

24 Total deliveries shown for deliveries made in 2019.

Core to our underlying technology is the real-time collection of customer and inventory data. We analyze and act on the data in real time. As our systems collect new or updated incoming data signals, those signals are immediately available to downstream systems to trigger parallel event processes. For example, we employ data science to match incoming customers with patterns we've identified in previous customers to enable us to score, in real-time, the new customer's likely conversion outcome. The score is available to inform our sales teams and provide real-time performance marketing, as well as real-time reporting and analytics. Further, we monitor performance against the score to create algorithms which are continuously learning and improving.

Our technology supports multi-channel engagement with our customers, delivering consistent messaging via the web, in native apps and via email. In cases where customers need special attention outside of our ecommerce experience, we provide customer assistance via phone.

Reconditioning

Our proprietary reconditioning technology, Vendor Lanes, allows us to quickly and cost-effectively repair vehicles, enabling us to process a larger number of vehicles through our facility to keep up with demand. The step-by-step process we have in place includes all aspects of preparing a vehicle for sale, including a multi-point inspection, mechanical and body reconditioning, paint, detail, merchandising and imaging.

Our reconditioning technology is driven by years of know-how and expertise that enable us to operate facilities efficiently. For example, technology investments in lean manufacturing techniques have enabled us to produce 50% more units/day at consistent quality. We operate our facilities with various vendors specializing in each part of the repair process, allowing us to gain advantaged economics and conduct the most efficient process.

Competition

The U.S. used vehicle market is highly fragmented, with over 42,000 traditional franchised and independent dealerships nationwide as well as the peer-to-peer market. The players in the used vehicle market can be classified into the following segments:

- traditional new and used car dealerships;
- large, national car dealers, such as CarMax and AutoNation, which are expanding into online sales, including "omni-channel" offerings;
- used car dealers or marketplaces that currently have existing ecommerce businesses or online platforms, such as Carvana;
- the peer-to-peer market, utilizing sites such as Facebook, Craigslist.com, eBay Motors and Nextdoor.com; and
- sales by rental car companies directly to consumers of used vehicles which were previously utilized in rental fleets, such as Hertz Car Sales and Enterprise Car Sales.

Internet and online automotive sites could change their models to sell used vehicles and compete with us, such as Google, Amazon, AutoTrader.com, Edmunds.com, KBB.com, Autobytel.com, TrueCar.com, CarGurus and Cars.com. In addition, automobile manufacturers such as General Motors, Ford and Volkswagen could change their sales models to better compete with our model through technology and infrastructure investments. While such enterprises may change their business models and endeavor to compete with us, the sale of used vehicles through ecommerce presents unique operational and technical challenges. See "Business—Our Competitive Strengths—Difficult to Replicate Business Model."

We view our main competitors to be the traditional auto dealers, who make up the significant portion of U.S. used vehicle sales and are still operating under an outdated business model that is ripe for disruption.

Employees

As of March 31, 2020 we had approximately 800 employees. None of our employees is represented by a labor union. We consider our relationships with our employees to be good and have not experienced any interruptions of operations due to labor disagreements.

In response to the COVID-19 disruptions, we have implemented a number of measures to protect the health and safety of our workforce. These measures include restrictions on non-essential business travel, the institution of work-from-home policies wherever feasible and the implementation of strategies for workplace safety at our facilities that remain open. We are following the guidance from public health officials and government agencies, including implementation of enhanced cleaning measures, social distancing guidelines and wearing of masks. In addition, effective May 3, 2020, approximately one-third of our workforce has been placed on furlough. The majority of furloughed employees are employed in reconditioning, logistics, acquisitions and TDA sales, which are the positions most affected by the reduction in unit volume. Furloughed employees remain enrolled in our medical plan through July 31, 2020, and we are paying the current cost of the employee's portion of the medical plan premiums in addition to the employer portion. Additionally, we have instituted an across-the-board salary reduction for our non-furloughed salaried employees, with our CEO forgoing 30% of his salary, each member of our senior leadership team taking a 20% salary reduction, and the balance of the employees experiencing reductions of 5-15% based upon salary levels.

Facilities

Our corporate headquarters is located in New York, New York, and consists of approximately 22,549 square feet of space under a lease that expires in September 2024. We use these facilities for finance, legal, human resources, information technology, engineering, sales and marketing and other administrative functions. We also lease office space outside Houston, Texas, which we use to support our administrative functions, under a lease that expires in March 2024.

Additionally, we operate our Vroom VRC located outside Houston, Texas, under a lease that expires in December 2021. We use our Vroom VRC to recondition vehicles.

We also operate TDA, our sole physical retail location, outside Houston, Texas under a lease that expires in December 2021.

We believe our existing and planned facilities are sufficient for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Intellectual Property

The protection of our technology and intellectual property is an important aspect of our business. We seek to protect our intellectual property rights, including our intellectual property rights in our technology, through trademark, trade secret and copyright law, as well as confidentiality agreements, procedures and other contractual commitments and other legal rights. We generally enter into confidentiality agreements and invention assignment agreements with our employees and consultants to control access to, and clarify ownership of, our proprietary information.

As of March 31, 2020, we do not own any U.S. or foreign patents and do not have any U.S. or foreign patent applications pending. As of March 31, 2020, we owned 14 registrations for our trademarks in the United States, including Vroom®, Vroom Get In®, TDA®, DealerLane®, Texas Direct® and Sell Us Your Car®. As of March 31, 2020, we held registered trademarks in Mexico, Canada and Peru for the Vroom® trademark and have several pending applications to register the Vroom® trademark in other jurisdictions. We continually review our branding strategies and technology development efforts to assess the existence, registrability, and patentability of new intellectual property.

Intellectual property laws, procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States, and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology, brands, or other intellectual property.

Government Regulation

Our business is and will continue to be subject to extensive U.S. federal, state and local laws and regulations. The advertising, sale, purchase, financing and transportation of used vehicles are regulated by every state in which we operate and by the U.S. federal government. We also are subject to state laws related to titling and registration and wholesale vehicle sales, and our sale of value-added products is subject to state licensing requirements, as well as federal and state consumer protection laws. These laws can vary significantly from state to state. In addition, we are subject to regulations and laws specifically governing the internet and ecommerce the collection storage and use of personal information and other customer data. We are also subject to federal and state consumer protection laws, including the Equal Credit Opportunities Act and prohibitions again unfair or deceptive acts or practices. The federal governmental agencies that regulate our business and have the authority to enforce such regulations and laws against us include the FTC, the U.S. Department of Transportation, the U.S. Occupational Health and Safety Administration, the U.S. Department of Justice and the U.S. Federal Communications Commission. For example, the FTC has jurisdiction to investigate and enforce our compliance with certain consumer protection laws and has brought enforcement actions against auto dealers relating to a broad range of practices, including the sale and financing of value-added or add-on products. Additionally, we are subject to regulation by individual state dealer licensing authorities, state consumer protection agencies and state financial regulatory agencies. We also are subject to audit by such state regulatory authorities.

State dealer licensing authorities regulate the purchase and sale of used vehicles by dealers within their respective states. The applicability of these regulatory and legal compliance obligations to our ecommerce business is dependent on evolving interpretations of these laws and regulations and how our operations are, or are not, subject to them. We are licensed as a dealer in the State of Texas and all of our vehicle transactions are conducted under our Texas license. We believe that our activities in other states are not subject to Texas' vehicle dealer licensing laws. State regulators in such states could, however, seek to require us to maintain a used vehicle dealer license in order to engage in activities in that state. In addition, we may elect to obtain a used vehicle dealer license in certain states to maximize operational flexibility and efficiency and invest in relationships with state regulators.

Most states regulate retail installment sales, including setting a maximum interest rate, caps on certain fees or maximum amounts financed. In addition, certain states require that retail installment sellers file a notice of intent or have a sales finance license or an installment sellers license in order to solicit or originate installment sales in that state. We have obtained a motor vehicle sales finance license in Texas, which is the state in which our vehicle sale transactions are conducted under our Texas dealer license. The financial regulatory agency in Pennsylvania determined that we need to

obtain an installment seller license in order to enter into retail installment sales with residents of Pennsylvania, and, as a result, we no longer offer third-party financing to our customers in Pennsylvania. Accordingly, our customers located in Pennsylvania must obtain independent financing to the extent needed to fund any vehicle purchases on our platform. We are in the process of applying for a Pennsylvania installment seller license and expect to resume offering financing to Pennsylvania customers. In addition, we may elect to obtain sales finance or installment seller licenses in certain other states in which our customers reside in order to maximize operational flexibility and efficiency and invest in relationships with state regulators.

We currently are not conducting business in Massachusetts. Under Massachusetts law, residents may not drive a vehicle with temporary tags, which we typically provide to our customers upon delivery, inconveniencing consumers who need to register their vehicle and obtain permanent tags without being able to drive their vehicle. We are pursuing a solution that will enable us to sell vehicles in Massachusetts and provide customers with vehicle registration and permanent tags in a convenient manner.

In addition to these laws and regulations that apply specifically to the sale and financing of used vehicles, our facilities and business operations are subject to laws and regulations relating to environmental protection, occupational health and safety, and other broadly applicable business regulations. We also are subject to laws and regulations involving taxes, tariffs, privacy and data security, anti-spam, pricing, content protection, electronic contracts and communications, mobile communications, consumer protection, information-reporting requirements, unencumbered internet access to our platform, the design and operation of websites and internet neutrality. After the completion of this offering, we will also be subject to laws and regulations affecting public companies, including securities laws and exchange listing rules.

For a discussion of the various risks we face from regulation and compliance matters, see “Risk Factors—Risks Related to Our Business—We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws and regulations. Failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operations”; “—Failure to comply with federal, state and local laws and regulations relating to privacy, data protection and consumer protection, or the expansion of current or the enactment of new laws or regulations relating to privacy, data protection and consumer protection, as well as our actual or perceived failure to protect such information could harm our reputation and could adversely affect our business, financial condition and results of operations”; “—Government regulation of the internet and ecommerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business, financial condition and results of operations”; and “—We are subject to risks related to online payment methods.”

Legal Proceedings

From time to time, we are subject to routine legal proceedings in the normal course of operating our business. Although the outcome of litigation is inherently difficult to predict, we are not involved in any legal proceedings that we believe could reasonably be expected to have a material adverse effect on our business, financial condition or results of operations.

MANAGEMENT

The following table provides information regarding our executive officers and members of our board of directors (ages as of the date of this prospectus):

Name	Age	Position(s)
Robert J. Mylod, Jr.	53	Chairperson of the Board
Scott A. Dahnke	54	Director
Michael J. Farello	55	Director
Laura Lang	64	Director
Laura O'Shaughnessy	42	Director
Adam Valkin	46	Director
Paul J. Hennessy	55	Chief Executive Officer, Director
David K. Jones	50	Chief Financial Officer
Mark E. Roszkowski	49	Chief Revenue Officer

Robert J. Mylod, Jr. has served as a member of our board of directors since September 2015. Mr. Mylod is the Managing Partner of Annox Capital Management, a private investment firm that he founded in 2013. Previously, Mr. Mylod served as Head of Worldwide Strategy & Planning and Vice Chairman for Bookings Holdings, Inc., an online travel services provider, from January 2009 to March 2011 and as its Chief Financial Officer and Vice Chairman from November 2000 to January 2009. He currently serves as a member of the board of directors and of the compensation committee of Booking Holdings, Inc. and has been nominated to become Chairman of the board. Mr. Mylod also currently serves as the Chairman of the board of directors and a member of the audit committee of Redfin Corporation, an online real estate company. He will step down as Chairman of Redfin Corporation in June 2020 and remain a director. He is also a member of the board of directors and of the audit and compensation committees of Dropbox, Inc., a cloud-based collaboration and data storage company, and a number of private companies. Mr. Mylod holds a Master of Business Administration from the University of Chicago Booth School of Business and a Bachelor of Arts in English from the University of Michigan.

We believe that Mr. Mylod's experience as a venture capital investor and a senior finance executive, including having served as the chief financial officer and vice chairman of a large publicly traded online services provider, qualifies him to serve on our board of directors.

Scott A. Dahnke has served on our board of directors since July 2015. Since 2016, Mr. Dahnke has served as co-Chief Executive Officer of L Catterton, a consumer-focused private equity firm, after previously serving as Managing Partner from 2003 to 2015. Prior to that, he was Managing Director of Deutsche Bank Capital Partners, the former private equity division of Deutsche Bank AG, from 2002 to 2003, and Managing Director of AEA Investors from 1998 to 2002. Previously, Mr. Dahnke was Chief Executive Officer of infoGROUP (formerly known as InfoUSA), a provider of data and data-driven marketing services, from 1997 to 1998. Prior to joining infoUSA, Mr. Dahnke served clients on an array of strategic and operational issues as a Partner at McKinsey & Company. His early career also includes experience in the Merger Department of Goldman, Sachs & Co. and with General Motors. Mr. Dahnke currently serves as a member of the board of directors and of the compensation committee and the nominations, corporate governance and social responsibility committee of Williams Sonoma Inc., as well as a member of the board of directors of several private companies. Mr. Dahnke holds a Bachelor of Science from the University of Notre Dame and a Master of Business Administration from Harvard Business School.

We believe Mr. Dahnke's experience in private equity investment and expertise in the ecommerce, retail and consumer industry along with his service as a director at numerous companies qualifies him to serve on our board of directors.

Michael Farello has served on our board of directors since July 2015. Since 2006, Mr. Farello has served as Managing Partner at L Catterton, a consumer-focused private equity firm. Prior to this, he served as an executive at Dell Technologies, Inc., a global end-to-end technology provider, from 2002 to 2005, and spent twelve years at McKinsey & Company, a management consulting firm. Mr. Farello currently serves as a member of the board of directors of several private companies including FlashParking, Inc. and ClassPass Inc. Mr. Farello holds a Bachelor of Science from Stanford University and a Master of Business Administration from Harvard Business School.

We believe Mr. Farello's experience in private equity investments and expertise in the consumer sector, along with his service as a director at numerous companies qualifies him to serve on our board of directors.

Laura Lang was elected to our board of directors on May 18, 2020. Ms. Lang has served as the Managing Director of Narragansett Ventures, LLC, a strategic advisory firm focused on digital business transformation and growth investing, since January 2014. Since November 2018, Ms. Lang has also served as an adviser to L Catterton. Ms. Lang was the Chief Executive Officer of Time Inc., one of the largest branded media companies in the world, until 2013. From 2008 until she joined Time Inc. in 2012, Ms. Lang was Chief Executive Officer of Digitas Inc., a marketing and technology agency and unit of Publicis Groupe S.A. In addition, she headed the company's pure-play digital agencies, including Razorfish, Big Fuel, Denuo and Phonevalley. Ms. Lang currently serves as a member of the board of directors and the talent and compensation and finance committees of V. F. Corporation, an international apparel and footwear company. She previously served as a member of the board of directors of Care.com Inc. from August 2014 to June 2016, Nutrisystem, Inc. from 2010 to 2012 and Benchmark Electronics, Inc. from 2005 to 2011. Ms. Lang holds a Bachelor of Arts from Tufts University and a Master of Business Administration from the Wharton School of the University of Pennsylvania.

We believe Ms. Lang's extensive leadership experience, digital and media expertise and service on the board of directors of other public companies qualifies her to serve on our board of directors.

Laura O'Shaughnessy was elected to our board of directors on May 18, 2020. Ms. O'Shaughnessy is the Chief Executive Officer of SocialCode, LLC, a technology company that manages digital and social advertising for leading consumer brands, which she co-founded in 2009. Previously, Ms. O'Shaughnessy oversaw business development and product strategy for the Slate Group, an online publisher, where she specialized in advertising product development and strategic partnerships. Ms. O'Shaughnessy currently serves as a member of the board of directors of several nonprofits. Ms. O'Shaughnessy holds a Master of Business Administration from the MIT Sloan School of Management and a Bachelor of Arts in Economics from the University of Chicago.

We believe Ms. O'Shaughnessy's leadership experience, including serving in a chief executive officer role, and digital and technology expertise qualifies her to serve on our board of directors.

Adam Valkin has served on our board of directors since December 2015. Since 2013, Mr. Valkin has served as Managing Director of General Catalyst, a venture capital firm. Mr. Valkin currently serves on the boards of directors of several private companies. Mr. Valkin holds a Bachelor of Arts in Economics from Harvard University.

We believe Mr. Valkin's experience in private equity investments and expertise in consumer businesses, along with his service as a director at numerous companies qualifies him to serve on our board of directors.

Paul J. Hennessy has served as our Chief Executive Officer and as a member of our board of directors since June 2016. Mr. Hennessy has over 20 years of global ecommerce leadership

experience, previously serving in several leadership roles for Booking Holdings, Inc. ("Booking Holdings"), a world leader in online travel. At Booking Holdings, he most recently served as Chief Executive Officer of Priceline.com, a leading online travel agency for finding discount rates for travel-related purchases, from April 2015 to June 2016, and as Chief Marketing Officer of Booking.com, a leading online service for booking accommodation reservations, from November 2011 to March 2015. Mr. Hennessy also currently serves on the board of directors of Shutterstock Inc. Mr. Hennessy holds a Bachelor of Science in Marketing Management from Dominican College and a Master of Business Administration from Long Island University. His first car was a Pontiac Catalina.

Mr. Hennessy was selected to serve on our board of directors based on his deep experience and the perspective he brings as our Chief Executive Officer, as well as his extensive prior ecommerce leadership experience, driving growth strategies and optimizing operations and marketing for profitability.

David K. Jones has served as our Chief Financial Officer since November 2018. Prior to joining Vroom, he served as Executive Vice President and Chief Financial Officer of Iconix Brand Group, Inc., a global brand management company, from July 2015 to November 2018. From May 2011 to July 2015, Mr. Jones served as Executive Vice President and Chief Financial Officer of Penske Automotive Group, an international transportation services company operating automotive and commercial truck dealerships. Mr. Jones joined Penske Automotive Group in 2003 and served in various senior management roles through May 2011. He began his career in public accounting at Andersen LLP and remained there for over a decade. Mr. Jones holds a Bachelor of Business Administration in Accounting from Seton Hall University. His first car was a 1968 Pontiac GTO.

Mark E. Roszkowski has served as our Chief Revenue Officer since February 2019. Prior to joining Vroom, Mr. Roszkowski served as Executive Vice President, Global Head of Corporate Development, Strategy and Strategic Partnerships of Verizon Media, the media and online businesses division of Verizon Communications Inc., from June 2017 to January 2019. He previously served as Senior Vice President, Global Head of Corporate Development, Strategy and Strategic Partnerships of AOL Inc., a web portal and online service provider, from June 2014 through its sale to Verizon in June 2015 and subsequently until June 2017. Mr. Roszkowski holds a B.S. in Mechanical Engineering from Worcester Polytechnic Institute, a Master of Science in Mechanical Engineering from the University of Rochester and a Master of Business Administration from Massachusetts Institute of Technology. His first car was a 1977 Chevy Nova.

Composition of our Board of Directors

After this offering, our board of directors will consist of seven directors. Each director's term will continue until the annual meeting of the stockholders next held after his or her election and the election and qualification of his or her successor, or his or her earlier death, disqualification, resignation or removal.

When considering whether directors have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business.

Director Independence

Prior to the consummation of this offering, our board of directors undertook a review of the independence of our directors and considered whether any director has a material relationship with us

that could compromise that director's ability to exercise independent judgment in carrying out that director's responsibilities. Our board of directors has affirmatively determined that , and are each an "independent director," as defined under the Exchange Act and the rules of Nasdaq. In making these determinations, our board of directors considered the current and prior relationships that each director has with our Company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each director, and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Committees of Our Board of Directors

Our board of directors directs the management of our business and affairs, as provided by Delaware law, and conducts its business through meetings of the board of directors and standing committees. We will have a standing audit committee, nominating and corporate governance committee and compensation committee. In addition, from time to time, special committees may be established under the direction of the board of directors when necessary to address specific issues.

Audit Committee

Our audit committee will be responsible for, among other things:

- appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- reviewing with our independent registered public accounting firm the scope and results of their audit;
- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the quarterly and annual consolidated financial statements that we file with the SEC;
- overseeing our financial and accounting controls and compliance with legal and regulatory requirements;
- reviewing our policies on risk assessment and risk management;
- reviewing related person transactions; and
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

Upon the consummation of this offering, our audit committee will consist of , and , with serving as chair. Rule 10A-3 of the Exchange Act and Nasdaq rules require that our audit committee have at least one independent member upon the listing of our common stock, have a majority of independent members within 90 days of the date of this prospectus and be composed entirely of independent members within one year of the date of this prospectus. Our board of directors has affirmatively determined that , and each meet the definition of "independent director" for purposes of serving on the audit committee under Rule 10A-3 under the Exchange Act and Nasdaq rules. Each member of our audit committee also meets the financial literacy requirements of Nasdaq listing standards. In addition, our board of directors has determined

that will qualify as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K. Our board of directors will adopt a written charter for the audit committee, which will be available on our principal corporate website at *www.vroom.com* substantially concurrently with the consummation of this offering. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will be responsible for, among other things:

- identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors;
- overseeing our succession plan for the CEO and other executive officers;
- overseeing the evaluation of the effectiveness of our board of directors and its committees; and
- developing and recommending to our board of directors a set of corporate governance guidelines.

Upon the consummation of this offering, our nominating and corporate governance committee will consist of , and , with serving as chair. Our board of directors will adopt a written charter for the nominating and corporate governance committee, which will be available on our principal corporate website at *www.vroom.com* substantially concurrently with the consummation of this offering. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Compensation Committee

Our compensation committee will be responsible for, among other things:

- reviewing and approving the compensation of our Chief Executive Officer and other executive officers;
- reviewing and making recommendations to the board of directors regarding director compensation; and
- appointing and overseeing any compensation consultants.

Upon the consummation of this offering, our compensation committee will consist of , and , with serving as chair. Our board has determined that , and meet the definition of "independent director" for purposes of serving on the compensation committee under Nasdaq rules, including the heightened independence standards for members of a compensation committee, and are "non-employee directors" as defined in Rule 16b-3 of the Exchange Act. Our board of directors will adopt a written charter for the compensation committee, which will be available on our principal corporate website at *www.vroom.com* substantially concurrently with the consummation of this offering. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Risk Oversight

Our board of directors is responsible for overseeing our risk management process. Our board of directors focuses on our general risk management strategy, the most significant risks facing us, and oversees the implementation of risk mitigation strategies by management. Our audit committee is also

responsible for discussing our policies with respect to risk assessment and risk management. Our board of directors believes its administration of its risk oversight function has not negatively affected our board of directors' leadership structure.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has been an officer or employee of our company. None of our executive officers serves as a member of the board of directors or compensation committee (or other committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our board of directors or compensation committee.

Code of Business Conduct and Ethics

Prior to the completion of this offering, we will adopt a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code will be posted on our website, *www.vroom.com*. In addition, we intend to post on our website all disclosures that are required by law or Nasdaq listing standards concerning any amendments to, or waivers from, any provision of the code. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the "Summary Compensation Table" below. In 2019, our "named executive officers", or "NEOs", and their positions were as follows:

- Paul J. Hennessy, Chief Executive Officer and Director;
- David K. Jones, Chief Financial Officer; and
- Mark E. Roszkowski, Chief Revenue Officer.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion.

Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the years ended December 31, 2019.

Name and Principal Position	Year	Salary ($) (2)	Bonus ($)	Stock Awards ($) (4)	Option Awards ($) (4)	Total
Paul J. Hennessy *Chief Executive Officer, Director*	2019	393,077	—	421,000	—	814,077
David K. Jones *Chief Financial Officer*	2019	500,000	375,000(3)	—	671,700	1,546,700
Mark E. Roszkowski(1) *Chief Revenue Officer*	2019	410,192	—	—	592,592	1,002,784

(1) Mr. Roszkowski commenced employment as our Chief Revenue Officer on February 4, 2019.
(2) Amounts reflect the actual base salary paid to each named executive officer in respect of 2019.
(3) Amounts reflect (i) a sign-on bonus paid to Mr. Jones on February 8, 2019 in the amount of $250,000 and (ii) a guaranteed bonus in an amount equal to 50% of Mr. Jones' target annual bonus, to be paid to Mr. Jones in respect of 2019 pursuant to the terms of his offer letter. Please see the sections titled "Bonus Compensation—Jones Sign-on Bonus" and "Executive Compensation Arrangements—David K. Jones" below for further information.
(4) Amounts reflect the full grant-date fair value of restricted stock unit awards and options granted during 2019 computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all restricted stock unit awards and option awards made to executive officers in Note 12 to our consolidated financial statements included elsewhere in this prospectus.

Elements of the Company's Executive Compensation Program

For the year ended December 31, 2019, the compensation for our named executive officers generally consisted of a base salary, cash bonuses and equity awards. These elements (and the amounts of compensation and benefits under each element) were selected because we believe they are necessary to help us attract and retain executive talent which is fundamental to our success.

Below is a more detailed summary of the current executive compensation program as it relates to our named executive officers.

Base Salaries

Our named executive officers receive a base salary to compensate them for the services they provide to our company. The base salary payable to each named executive officer is intended to

provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities.

The base salaries for our named executive officers were originally established in their respective employment agreement and offer letters. Mr. Hennessy's initial base salary for 2019 was $350,000, which was increased by the compensation committee to $400,000 effective on March 4, 2019. Messrs. Jones and Roszkowski were entitled to receive base salaries for 2019 of $500,000 and $450,000, respectively, as set forth in their offer letters described below.

Effective January 5, 2020, our board of directors increased Mr. Hennessy's base salary to $500,000.

The actual salaries paid to each named executive officer for 2019 are set forth in the "Summary Compensation Table" above in the column titled "Salary."

Bonus Compensation

2019 Bonuses

From time to time our compensation committee may approve annual bonuses for our NEOs based on individual performance, company performance or as otherwise determined appropriate.

For 2019, annual bonuses were based on such factors as the compensation committee deemed appropriate, including achievement of company revenue and EBITDA targets, along with each individual NEO's performance as it relates to his or her area of responsibility. Pursuant to his employment agreement, Mr. Hennessy was initially eligible to receive a base annual bonus of up to $325,000, or 100% of his base salary, as well as an additional "stretch" bonus of up to $325,000, or another 100% of his base salary, based on the achievement of such performance criteria as the board of directors deemed appropriate in its discretion.

Effective March 4, 2019, our compensation committee determined to amend Mr. Hennessy's annual bonus structure such that Mr. Hennessy would be eligible to earn an annual bonus with a target amount of 200% of his base salary with respect to 2019.

Messrs. Jones and Roszkowski are eligible to participate in our 2019 Short Term Incentive Plan, or 2019 STIP, a performance-based annual incentive plan that provides cash bonuses to certain of our participating employees. The applicable 2019 STIP performance goals were recommended by members of senior management and approved by our compensation committee and board of directors. In 2019, the board of directors determined that Mr. Hennessy's annual bonus would also be based on the achievement of the 2019 STIP performance goals.

Pursuant to the 2019 STIP, the bonus pool under the 2019 STIP may be funded based on the achievement of specified EBITDA and shipped unit targets, each weighted at 50% of the bonus pool. If the company achieved target performance the 2019 STIP bonus pool would have been funded at a level of 100% of the target payout, with the bonus pool eligible to be funded from a range of 0% to 175% of the target payout depending on achievement, as determined by our compensation committee in its discretion. Following the determination of the amount of the 2019 STIP bonus pool, members of management will then allocate a portion of the bonus pool to each department of the company, based on the department's performance with respect to 2019.

Each 2019 STIP participant's award under the 2019 STIP is determined as a function of the funding of the STIP bonus pool and the participant's target bonus amount, as well as the participant's

individual performance and teamwork as evaluated by such participant's supervisor. Each of Messrs. Jones and Roszkowski have an established target annual bonus pursuant to their respective offer letters. The 2019 target bonus amount for each of Messrs. Jones and Roszkowski was 50%, expressed as a percentage of his annual base salary. In addition, pursuant to the terms of his offer letter, Mr. Jones will receive a guaranteed bonus payment with respect to 2019 of no less than half of his 2019 target bonus amount.

With respect to 2019, our compensation committee determined that the applicable 2019 STIP performance goals were not met and as a result, the 2019 STIP bonus pool would not be funded. The guaranteed bonus payment of $125,000 paid to Mr. Jones with respect to 2019 is set forth above in the Summary Compensation Table in the column entitled "Bonus."

Jones Sign-on Bonus

Pursuant to his offer letter, Mr. Jones was paid a sign-on bonus of $250,000 in 2019 in connection with his commencement of employment with us, subject to his continued employment for 90 days following his start date. For further information on Mr. Jones' sign-on bonus, please see "Executive Compensation Arrangements—David K. Jones" below.

Equity Compensation

Outstanding Equity Awards

We currently maintain an equity incentive plan, the Vroom, Inc. Second Amended & Restated 2014 Equity Incentive Plan, or the 2014 Plan, which provides for the grant of equity awards with respect to our common stock. The 2014 Plan provides our employees (including the named executive officers) and other eligible service providers the opportunity to participate in the equity appreciation of our business and incentivizes them to work towards Vroom's long-term performance goals. We believe that such awards function as a compelling incentive and retention tool.

A total of shares subject to options to purchase our common stock, shares subject to restricted stock awards, and shares subject to restricted stock unit awards granted under the 2014 Plan are currently outstanding.

As described in further detail below in the Outstanding Equity Awards at Fiscal Year End Table and related footnotes below, the following equity awards currently are held by our named executive officers: Mr. Hennessy currently holds (i) an option to purchase 675,531 shares of our common stock, which was granted to him on December 6, 2016 at an exercise price of $6.78 per share, (ii) a restricted stock unit award covering 50,000 shares of our common stock, granted December 6, 2016, and (iii) a restricted stock unit award covering 50,000 shares of our common stock, granted March 25, 2019; Mr. Jones currently holds an option to purchase 200,000 shares of our common stock, which was granted to him on February 6, 2019 and which has an exercise price of $8.42 per share; and Mr. Roszkowski currently holds an option to purchase 175,000 shares of our common stock, which was granted to him on February 6, 2019, and which has an exercise price of $8.42 per share.

Mr. Hennessy's 2016 option grant is subject to both time-based and performance-based vesting, so long as Mr. Hennessy remains continuously employed with us through the applicable vesting dates. With respect to the time-based portion of the option, 87.5% of such time-based option has already vested. 25% of such time-based option vested on June 8, 2017, with the remainder vesting at the end of each subsequent three-month period over the following three year period such that the time-based option shall be fully vested on June 8, 2020. The performance-vesting portion of the option is scheduled to vest with respect to 50% of such performance-based option when the company's equity value reaches $1.5 billion and the remaining 50% shall vest when the company's equity value reaches $2 billion, as determined by our board of directors.

Mr. Hennessy's 2016 restricted stock unit award vests on the earlier of (i) June 6, 2020 and (ii) the date of a Deemed Liquidation Event, subject to Mr. Hennessy's continued employment through such date. For purposes of Mr. Hennessy's 2016 restricted stock unit grant, "Deemed Liquidation Event" means, (a) a merger or consolidation in which the company is a constituent party or a subsidiary of the company is a constituent party and the company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation (1) involving the company or a subsidiary in which the shares of capital stock of the company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of the surviving or resulting corporation or, if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation or (2) to redomicile the company or any subsidiary of the company, or (b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the company or any subsidiary of the company of all or substantially all of the assets of the company and its subsidiaries taken as a whole or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the company if substantially all of the assets of the company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the company; provided that any of the foregoing events shall not constitute a Deemed Liquidation Event if (i) the holders (voting separately) of at least a majority of the outstanding shares of the company's Series A Preferred Stock, (ii) the holders (voting separately) of at least a majority of the outstanding shares of the company's Series B Preferred Stock and (iii) each of (A) the holders of at least two-thirds of the outstanding shares of the company's Series C preferred stock, voting as a single class, and (B) the holders of at least 60% of the outstanding shares of the company's Series D Preferred Stock, voting as a single class, elect otherwise by written notice to the company at least five days prior to the effective date of such event.

Mr. Hennessy's 2019 restricted stock unit award is scheduled to vest over a period of three years such that 50% of the restricted stock units will vest on the 18-month anniversary of the grant date and the remaining 50% will vest on the 36-month anniversary of the grant date, subject to the occurrence of a liquidity event and Mr. Hennessy's continued employment through the applicable vesting date. For purposes of Mr. Hennessy's 2019 restricted stock unit award, "liquidity event" means the first to occur of (i) a qualifying initial public offering of the company's common stock and (ii) a change of control (as defined in the 2014 Plan). For the avoidance of doubt, this offering will constitute a liquidity event with respect to Mr. Hennessy's 2019 restricted stock unit award.

Messrs. Jones and Roszkowski's 2019 option grants are scheduled to vest over a period of four years in equal annual installments on each of the first four anniversaries of the vesting commencement date (November 12, 2018 for Mr. Jones and February 4, 2019 for Mr. Roszkowski), subject to the executive's continued employment with us through each applicable vesting date.

Effective March 25, 2019, our board of directors determined to amend the vesting schedule of option awards under the 2014 Plan, including the options held by our named executive officers, such that, in the event that any such options are assumed or remain outstanding following the occurrence of a change of control and the participant's employment is terminated without Cause or the participant resigns for Good Reason (each as defined below) within the 12-month period following such change of control, the then-unvested portion of the option shall fully accelerate and vest. For purposes of such option grants, (A) "Cause" is defined as: (i) the participant's disregard of his or her duties or failure to act, where such action would be in the ordinary course of the participant's duties, (ii) the material failure by the participant to observe Vroom policies and/or policies of affiliates of Vroom generally applicable to employees of Vroom and/or its affiliates, including, without limitation, policies relating to anti-harassment,

(iii) gross negligence or willful misconduct by the participant in the performance of his or her duties, (iv) the commission by the participant of any act of fraud, theft, financial dishonesty or self-dealing with respect to Vroom or any of its affiliates, or any felony or criminal act involving moral turpitude, (v) any breach by the participant of the provisions of any confidentiality, non-competition or non-solicitation agreement between the participant and Vroom or any of its affiliates, or any other agreement or contract with Vroom or any of its affiliates, (vi) chronic absenteeism, (vii) alcohol or other substance abuse that impairs the participant's ability to perform his or her duties, or (viii) the commission of any violation of any state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination) by the participant; (B) "Good Reason" is defined as any of the following events, in each case, without the participant's consent: (i) a reduction in the participant's base salary or a material reduction by Vroom in the kind or level of employee benefits to which the participant is entitled immediately prior to such reduction, other than a general across-the-board reduction as a result of an economic or strategic measure that affects all similarly situated employees in substantially the same proportions, (ii) a relocation of the participant's principal place of employment by more than 30 miles from both the participant's principal place of employment and principal residence, (iii) a material adverse change to the participant's title, authority, reporting structure, duties or responsibilities (other than temporarily while the participant is physically or mentally incapacitated), or (iv) Vroom's failure to obtain an agreement from any successor thereto to assume or replace (with consistent vesting and other material terms) the participant's stock award under the 2014 Plan in the same manner and to the same extent that Vroom would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; and (C) "change of control" shall mean the first to occur of any transaction (or series of related transactions involving a person or entity, or a group of affiliated persons or entities) effecting: (i) a sale, lease or other disposition of all or substantially all of the assets of Vroom, (ii) a consolidation or merger of Vroom with or into any other corporation or entity or person, or any other corporate reorganization, or (iii) a transfer of more than fifty percent (50%) of Vroom's outstanding voting power; provided that, in the cause of any of clauses (i), (ii) or (iii), no change of control shall have occurred if the shareholders of Vroom immediately prior to such transaction(s) own at least fifty percent (50%) of the outstanding voting power of the acquiring person or entity, or group of affiliated persons or entities, or the surviving entity or its parent, as the case may be, following such transaction(s).

2020 Equity Awards

In February 2020, we granted equity awards under the 2014 Plan to certain employees (including our NEOs). In particular, Mr. Hennessy received an award of 183,891 performance restricted stock units (at target). This award will vest subject to the attainment of specified EBITDA or revenue targets during the performance period and the occurrence of a "liquidity event" prior to a specified date. Vesting of this award is also subject to Mr. Hennessy's continued employment through the vesting date. Messrs. Jones and Roszkoski received awards of 18,389 and 16,550 restricted stock units, respectively. These awards vest subject to the occurrence of a "liquidity event" prior to a specified date and the executive's continuous service for a 48-month period following the date of grant. A "liquidity event" for the purposes of these awards means the first to occur of (i) an initial public offering, or (ii) a change of control (as defined in the 2014 Plan).

Other Elements of Compensation

Retirement Plans

We currently maintain a 401(k) retirement savings plan for our employees, including our named executive officers, who satisfy certain eligibility requirements. The Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) plan. Currently, we do not provide any matching contributions in the 401(k) plan. We do

not maintain any defined benefit pension plans or deferred compensation plans for our named executive officers.

Employee Benefits and Perquisites

All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans, including:

- medical, dental and vision benefits;
- medical care flexible spending accounts and health savings accounts;
- employee assistance program (EAP);
- short-term and long-term disability insurance; and
- life and accidental death & dismemberment insurance.

No tax gross-ups

We do not provide tax gross-ups to our employees, including our named executive officers.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of shares of common stock underlying outstanding equity incentive plan awards for each named executive officer as of December 31, 2019.

	Option Awards					Stock Awards	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(5)
Paul J. Hennessy	12/06/16	—	—	—	—	50,000(1)	1,046,000
	12/06/16	443,317	232,214(2)	6.78	12/06/26	—	—
	03/25/19	—	—	—	—	50,000(3)	1,046,000
David K. Jones	02/06/19	50,000	150,000(4)	8.42	02/06/29	—	—
Mark E. Roszkowski	02/06/19	—	175,000(4)	8.42	02/06/29	—	—

(1) The restricted stock units shall vest on the earlier of (i) June 6, 2020 and (ii) the date of a Deemed Liquidation Event, subject to Mr. Hennessy's continued employment through such date.

(2) With respect to the option, 506,548 shares are subject to time-vesting and 168,883 shares are subject to performance-vesting. 87.5% of the time-vesting portion of the option has already vested. 25% vested on June 8, 2017, with the remainder vesting at the end of each subsequent three-month period over the following three year period, such that the time-based option shall be fully vested on June 8, 2020, subject to Mr. Hennessy's continued employment through each applicable vesting date. 50% of the performance-vesting portion of the option shall vest when the company's equity value reaches $1.5 billion and the remainder of the performance-vesting option shall vest when the company's equity value reaches $2 billion, subject to Mr. Hennessy's continued employment through the applicable vesting date. If Mr. Hennessy's employment is terminated without Cause or for Good Reason (each as defined above) within twelve months following the date of a change of control (as defined above), any unvested portion of the option will accelerate and fully vest.

(3) The restricted stock unit award vests upon both the satisfaction of a service condition and the occurrence of a liquidity event. 50% of the restricted stock units will vest on the 18-month anniversary of the grant date and the remaining 50% will vest on the 36-month anniversary of the grant date, subject to the occurrence of a liquidity event and Mr. Hennessy's continued employment through the applicable vesting date. If Mr. Hennessy's employment is terminated without Cause or for Good Reason (each as defined above) within twelve months following the date of a change of control (as defined above), any unvested portion of the option will accelerate and fully vest.

(4) The option vests over a period of four years in equal annual installments on each of the first four anniversaries of the vesting commencement date (November 12, 2018 for Mr. Jones and February 4, 2019 for Mr. Roszkowski), subject to the

executive's continued employment with us through each applicable vesting date. If the executive's employment is terminated without Cause or for Good Reason (each as defined above) within twelve months following the date of a change of control (as defined above), any unvested portion of the option will accelerate and fully vest. 25% of the option held by Mr. Jones has already vested.

(5) There was no public market for shares of our common stock prior to this offering. The amount reported was based on the fair market value of a share as of December 31, 2019, as determined with reference to a third-party valuation.

Executive Compensation Arrangements

Below are written descriptions of our employment arrangements with each of our named executive officers. Each of our named executive officers' employment is "at will" and may be terminated at any time.

In connection with this offering, we intend to enter into new employment agreements with each of our named executive officers to be effective upon the consummation of this offering. The material terms of such new employment agreements have not yet been determined.

Paul J. Hennessy

On June 8, 2016, we entered into an employment agreement with Mr. Hennessy providing for his employment as our Chief Executive Officer (the "CEO Agreement"). The CEO Agreement provides for a three-year initial term of employment, with automatic renewal for successive one-year periods until terminated in accordance with the terms of the agreement.

Pursuant to the CEO Agreement, Mr. Hennessy was entitled to an initial annual base salary of $325,000 (which base salary has been further increased as discussed above under the section titled "Base Salaries"). The CEO Agreement also provides that Mr. Hennessy is eligible to receive an annual performance-based cash bonus of up to $325,000, as well as an additional "stretch" incentive bonus of up to $325,000, in each case based on the achievement of performance criteria established by our board of directors in its sole discretion and subject to Mr. Hennessy's continued employment through the payment date. Effective March 4, 2019, our compensation committee determined to amend Mr. Hennessy's annual bonus structure such that Mr. Hennessy would be eligible to earn an annual bonus with a target amount of 200% of his base salary with respect to 2019.

The CEO Agreement provides that Mr. Hennessy will be entitled to receive a stock option award under the 2014 Plan with an aggregate fair market value equal to 3% of the outstanding fully-diluted shares of the company as of June 8, 2016, as well as the right to purchase shares of the company's common stock and Series D Preferred Stock in an aggregate amount of up to $1 million.

Pursuant to the CEO Agreement, if Mr. Hennessy's employment is terminated by us without Cause (as defined below), then, subject to his timely execution and non-revocation of a release of claims, (i) he will be entitled to 12 months acceleration of his outstanding time-vesting equity awards and (ii) the board of directors shall use its best efforts to extend the exercise period of the stock option award provided for in the CEO Agreement for two years, provided such extension shall not be beyond the original expiration date of the option and subject to applicable registration requirements.

For purposes of the CEO Agreement, "Cause" means one or more of the following: (i) the employee's substantial and repeated failure to perform duties as reasonably and lawfully directed by the board of directors; (ii) conduct by the employee reasonably likely to bring the company or any of its affiliates into disgrace or disrepute; (iii) the employee's commission of any felony, crime involving moral turpitude or other act of material dishonestly, disloyalty or fraud; (iv) the employee's breach of fiduciary duty, gross negligence or willful misconduct with respect to the company or any of its affiliates; (v) the employee's failure in any material respect to comply with any material written policy of the company; (vi) a breach of the covenants in Sections 6, 7 or 8 of the CEO Agreement; or (vii) any other material breach of the CEO Agreement.

The CEO Agreement contains 18-month post-termination non-competition and non-solicitation of customers and employees covenants, as well as perpetual confidentiality and non-disparagement covenants.

David K. Jones

On October 15, 2018, we entered into an offer letter with Mr. Jones to employ him as our Chief Financial Officer, effective as of November 12, 2018 (the "CFO Offer Letter"). The CFO Offer Letter provides for an initial annual base salary of $500,000, as well as the right to receive his initial option grant, subject to the approval of our board of directors.

Pursuant to the CFO Offer Letter, Mr. Jones may be eligible to earn an annual performance-based bonus under our Incentive Bonus Plan with a target bonus amount equal to 50% of his annual base salary. For 2019, such annual bonus is guaranteed to equal at least half of his target bonus amount. In addition, the CFO Offer Letter provided for (i) a sign-on bonus of $250,000, payable on the earliest practical payroll date after the expiration of the 90-day period following Mr. Jones' commencement of employment with the company, and (ii) an additional bonus of $150,000, subject to Mr. Jones' continued employment with us for 15 months following the commencement of his employment and payable on the earliest practical payroll date thereafter; in each case subject to Mr. Jones' continued employment through such applicable payment date. Notwithstanding the foregoing, if Mr. Jones' employment with the company is terminated for Cause (as defined below) or by Mr. Jones for any reason prior to the two-year anniversary of the payment date for either bonus, Mr. Jones shall repay a prorated amount of such bonus.

Pursuant to the CFO Offer Letter, in the event we terminate Mr. Jones for any reason other than for Cause or if he resigns for Good Reason, Mr. Jones is entitled to receive a lump sum cash payment equal to the greater of (i) the amount equal to three months of his then-current base salary plus continued health benefits and (ii) the separation pay amount otherwise payable to company employees based on the company's then in-force policy at the time of termination.

In addition to the CFO Offer Letter, Mr. Jones was required to enter into the company's Proprietary Information and Inventions Assignment Agreement in connection with his employment, which provides that Mr. Jones will be subject to 12-month post-termination non-competition and non-solicitation of customers and employees covenants, as well as a perpetual confidentiality covenant.

For purposes of the CFO Offer Letter, "Cause" generally means the executive has: (i) committed any act constituting financial dishonesty against the company or its subsidiaries; (ii) engaged in any other act of dishonesty, fraud, intentional misrepresentation, moral turpitude, illegality or harassment which, as determined in good faith, would (A) adversely affect the business or prospective customers, suppliers, lenders and/or other third parties with whom the company does or might do business or (B) expose the company or any of its subsidiaries to a risk of civil or criminal legal damages, liabilities or penalties; (iii) engaged in or committed any misconduct, violation of the company's written policies, including the company's employee handbook, or committed non-performance of duty in connection with the business affairs of the company or its subsidiaries; or (iv) breached any agreement, including without limitation, the executive's applicable offer letter and any agreement relating to non-competition, non-solicitation or confidentiality.

For purposes of the CFO Offer Letter, "Good Reason" generally means a material reduction in the executive's salary, position, duties or responsibilities of the role.

Mark E. Roszkowski

On January 6, 2019, we entered into an offer letter with Mr. Roszkowski to employ him as our Chief Revenue Officer, effective as of February 4, 2019 (the "CRO Offer Letter"). The CRO Offer Letter provides for an initial annual base salary of $450,000, as well as the right to receive his initial option grant, subject to the approval of our board of directors. The CRO Offer Letter also provides that Mr. Roszkowski may be eligible to earn an annual performance-based bonus under our Incentive Bonus Plan with a target bonus amount equal to 50% of his annual base salary.

Pursuant to the CRO Offer Letter, in the event we terminate Mr. Roszkowski for any reason other than for Cause or if he resigns for Good Reason (each as defined below), Mr. Roszkowski is entitled to receive a lump sum cash payment equal to the greater of (i) the amount equal to six months of his then-current base salary plus continued health benefits and (ii) the separation pay amount otherwise payable to company employees based on the company's then in-force policy at the time of termination.

In addition to the CRO Offer Letter, Mr. Roszkowski was required to enter into the company's Proprietary Information and Inventions Assignment Agreement in connection with his employment, which provides that Mr. Roszkowski will be subject to 12-month post-termination non-competition and non-solicitation of customers and employees covenants, as well as a perpetual confidentiality covenant.

For purposes of the CRO Offer Letter, "Cause" has the same meaning as in the CFO Offer Letter.

For purposes of the CRO Offer Letter, "Good Reason" generally means: (i) a material reduction in the executive's salary, position, duties or responsibilities or (ii) a relocation of the executive's workplace that requires an increase in the executive's commute of 35 miles or greater.

Director Compensation

Name	Stock Awards ($)(1)	Total ($)
Robert J. Mylod, Jr.(2)	421,000	421,000

(1) Amount reflects the full grant-date fair value of restricted stock unit awards granted during 2019 computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all stock awards made to our directors in Note 12 to our consolidated financial statements included elsewhere in this prospectus.

(2) As of December 31, 2019, Mr. Mylod holds 50,000 outstanding restricted stock units, none of which are vested, and 125,000 outstanding options, of which 93,750 are vested and 31,250 are unvested.

During 2019, none of our directors received any cash compensation other than the compensation paid to our employee director Mr. Hennessy in respect of his employment, as discussed above. Mr. Hennessy does not receive any additional compensation for his service on our board of directors.

On March 25, 2019 we granted Robert J. Mylod, Jr., Chairman of our Board of Directors, an award of 50,000 restricted stock units. The restricted stock units vest in connection with the occurrence of a liquidity event, defined as the first to occur of (i) a qualifying initial public offering of the company's common stock at an initial public offering price equal to at least $30 per share and (ii) a change of control (within the meaning of the 2014 Plan) pursuant to which the holders of our common stock receive proceeds, including any estimated escrow, contingent or deferred amounts likely to be paid following the closing of such change of control, equal at least $30 per share (subject to adjustment in

the event of any extraordinary corporate transaction). Subject to the occurrence of a liquidity event that is a qualifying initial public offering, the restricted stock units are scheduled to vest over a period of three years such that one-third of the restricted stock units will vest on the 12-month anniversary of the grant date, one-third of the restricted stock units shall vest on the 24-month anniversary of the grant date and the remaining one-third will vest on the 36-month anniversary of the grant date, so long as Mr. Mylod continues to serve through the applicable vesting date; *provided* that if a change of control occurs following such qualifying initial public offering but prior to the satisfaction of the time-vesting condition, such remaining unvested restricted stock units shall accelerate and vest, regardless of whether such change of control is a qualifying change of control for purposes of Mr. Mylod's grant. In the event the liquidity event trigger is a qualifying change of control, such restricted stock units shall accelerate and vest in full, subject to Mr. Mylod's continued service through the date of such change of control.

On December 6, 2016, we granted Mr. Mylod an award of 125,000 options to purchase our common stock at an exercise price of $6.78 per share. Such options are scheduled to vest over a period of four years in equal annual installments on each of the first four anniversaries of the vesting commencement date, or June 1, 2016, subject to Mr. Mylod's continued service with us through each such vesting date.

On September 1, 2015, we granted Mr. Mylod an award of 49,030 shares of restricted stock. Such award is fully vested.

No other non-employee directors received equity compensation with respect to 2019. With respect to 2020, on May 18, 2020, we granted restricted stock unit awards under the 2014 Plan with a grant date value (as reasonably determined by our compensation committee) of $250,000 to each of Mses. O'Shaughnessy and Lang in connection with their election as new directors.

Non-Employee Director Compensation Policy

In connection with this offering, we intend to adopt a non-employee director compensation policy that, effective upon the closing of this offering, will be applicable to each of our non-employee directors. Pursuant to this non-employee director compensation policy, we expect that each non-employee director will receive a mixture of cash and equity compensation.

Equity Plans

Equity Incentive Arrangements

Existing Equity Plan

We currently maintain our 2014 Plan, as described above. On and after the closing of this offering and following the effectiveness of the 2020 Plan, no further grants will be made under the 2014 Plan.

2020 Incentive Award Plan

In connection with the offering, we intend to adopt the 2020 Plan, subject to approval by our stockholders, under which we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2020 Plan, as it is currently contemplated, are summarized below.

Eligibility and Administration

Our employees, consultants and directors, and employees, consultants and directors of our parents and subsidiaries are eligible to receive awards under the 2020 Plan. The 2020 Plan is

administered by our board of directors with respect to awards to non-employee directors and by the compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 16 of the Exchange Act, and/or stock exchange rules, as applicable. The plan administrator has the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2020 Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the 2020 Plan, including any vesting and vesting acceleration conditions.

Limitation on Awards and Shares Available

The maximum number of shares of our common stock available for issuance under the 2020 Plan is equal to the sum of (i) shares of our common stock, (ii) an annual increase on the first day of each year beginning in 2021 and ending in and including 2029, equal to the lesser of (A) percent (%) of the outstanding shares of all classes of our common stock on the last day of the immediately preceding fiscal year and (B) such lesser amount as determined by our board of directors, and (iii) any shares of our 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; provided, however, no more than shares may be issued upon the exercise of incentive stock options, or ISOs. The share reserve formula under the 2020 Plan is intended to provide us with the continuing ability to grant equity awards to eligible employees, directors and consultants for the ten-year term of the 2020 Plan.

Awards granted under the 2020 Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by an entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock will not reduce the shares authorized for grant under the 2020 Plan. The maximum grant date fair value of awards granted to any non-employee director pursuant to the 2020 Plan during any calendar year is $, provided that the maximum value shall be $ with respect to the calendar year in which a non-employee director commences service on our board of directors.

Awards

The 2020 Plan provides for the grant of stock options, including ISOs, and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, stock payments, restricted stock units, or RSUs, other incentive awards, SARs, and cash awards. No determination has been made as to the types or amounts of awards that will be granted to certain individuals pursuant to the 2020 Plan. Certain awards under the 2020 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the 2020 Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards generally will be settled in shares of our common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- *Stock Options.* Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with

respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders).

- *SARs.* SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years.
- *Restricted Stock and RSUs.* Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral.
- *Stock Payments, Other Incentive Awards and Cash Awards.* Stock payments are awards of fully vested shares of our common stock that may, but need not, be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. Other incentive awards are awards other than those enumerated in this summary that are denominated in, linked to or derived from shares of our common stock or value metrics related to our shares, and may remain forfeitable unless and until specified conditions are met. Cash awards are cash incentive bonuses subject to performance goals.
- *Dividend Equivalents.* Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator.

Vesting

Vesting conditions determined by the plan administrator may apply to each award and may include continued service, performance and/or other conditions.

Certain Transactions

The plan administrator has broad discretion to take action under the 2020 Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as “equity restructurings,” the plan administrator will make equitable adjustments to the 2020 Plan and outstanding awards. In the event of a “change in control” of the company (as defined in the 2020 Plan), to the extent that the surviving entity declines to continue, convert, assume or replace outstanding awards, then the plan administrator may provide that all such awards will terminate in exchange for cash or other consideration, or become fully vested and exercisable in connection with the transaction. Upon or in anticipation of a change in control, the plan administrator may cause any outstanding awards to terminate at a specified time in the future and give the participant the right to exercise such awards during a period of time determined by the plan administrator in its sole discretion. Individual award agreements may provide for additional accelerated vesting and payment provisions.

Foreign Participants, Claw-Back Provisions, Transferability, and Participant Payments

The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw-back policy implemented by us to the extent set forth in such claw-back policy and/or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2020 Plan are generally non-transferable, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2020 Plan, the plan administrator may, in its discretion, accept cash or check, provide for net withholding of shares, allow shares of our common stock that meet specified conditions to be repurchased, allow a “market sell order” or such other consideration as it deems suitable.

Plan Amendment and Termination

Our board of directors may amend or terminate the 2020 Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any amendment that increases the number of shares available under the 2020 Plan. No award may be granted pursuant to the 2020 Plan after the tenth anniversary of the earlier of (i) the date on which our board of directors adopts the 2020 Plan and (ii) the date on which our stockholders approve the Plan.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements, including employment, termination of employment and change in control arrangements, discussed in the sections titled “Management” and “Executive Compensation,” the following is a description of each transaction or agreement since January 1, 2017 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or exceeds $120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

We also describe below certain other transactions and relationships with our directors, executive officers and stockholders.

Equity Financings

Series F Preferred Stock Financing. From June 2017 to November 2017, we sold an aggregate of 6,057,805 shares of our Series F preferred stock to certain investors, including General Catalyst Group VII, L.P. (“General Catalyst”) and entities affiliated with L Catterton (“Catterton”), T. Rowe Price Associates, Inc. (“T. Rowe”) and two members of our board of directors at that time, Robert J. Mylod, Jr. and Elie Wurtman, at a purchase price of $17.05763 per share for an aggregate purchase price of approximately $103.3 million. General Catalyst, Catterton and T.Rowe each currently hold more than 5% of our outstanding capital stock. Scott A. Dahnke and Michael J. Farello, current members of our board of directors, are affiliated with Catterton, and Adam Valkin, a current member of our board of directors, is affiliated with General Catalyst.

Series G Preferred Stock. From August 2018 to December 2018, we sold an aggregate of 8,140,020 shares of our Series G preferred stock to certain investors, including our Chief Executive Officer, Paul J. Hennessy, Auto Holdings, Inc. (“Auto Holdings”), an affiliate of AutoNation (“AutoNation”), Cascade Investment, L.L.C. (“Cascade”), General Catalyst and entities affiliated with Catterton, T. Rowe and three members of our board of directors at that time, Robert J. Mylod Jr., Ethan E. Benovitz and Elie Wurtman, at a purchase price of $17.95097 per share for an aggregate purchase price of approximately $146.1 million. Auto Holdings, Cascade, General Catalyst, Catterton and T. Rowe each currently hold more than 5% of our outstanding capital stock. Anand J. Rao, a current member of our board of directors, is affiliated with AutoNation.

Series H Preferred Stock. From November 2019 to January 2020, we sold an aggregate of 9,354,047 shares of our Series H preferred stock to certain investors, including a member of our board of directors, Robert J. Mylod, Jr., General Catalyst, Cascade, PICO Co-Investments V and entities affiliated with Catterton and T. Rowe, at a purchase price of $27.19305 per share for an aggregate purchase price of approximately $254.4 million. General Catalyst, Cascade, Catterton and T. Rowe each currently hold more than 5% of our outstanding capital stock. Elie Wurtman, who was a member of our board of directors at that time, is affiliated with PICO Co-Investments V.

Investors’ Rights Agreement

We are party to an Eighth Amended and Restated Investors’ Rights Agreement (“IRA”) dated as of November 21, 2019, with certain holders of our capital stock, including Auto Holdings, Cascade,

General Catalyst and entities affiliated with Catterton and T. Rowe. Paul J. Hennessy, our Chief Executive Officer, and Robert J. Mylod, Jr., Scott A. Dahnke, Michael J. Farello and Adam Valkin, members of our board of directors, and/or certain entities affiliated with them are also parties to the IRA. Under the IRA, certain holders of our capital stock have the right to demand that we file a registration statement or request that their shares of our capital stock be covered by a registration statement that we are otherwise filing. See the section titled "Description of Capital Stock—Registration Rights" for additional information regarding these registration rights.

Right of First Refusal and Co-Sale Agreement

We are party to an Eighth Amended and Restated Right of First Refusal and Co-Sale Agreement ("ROFR Agreement"), dated as of November 21, 2019, pursuant to which we or our assignees have a right to purchase shares of our capital stock that our stockholders propose to sell to other parties. Auto Holdings, Cascade, General Catalyst and entities affiliated with Catterton and T. Rowe are parties to the ROFR Agreement. Paul J. Hennessy, our Chief Executive Officer, and Robert J. Mylod, Jr., Scott A. Dahnke, Michael J. Farello and Adam Valkin, members of our board of directors, and/or certain entities affiliated with them are also a party to the ROFR Agreement. See the section titled "Principal Stockholders" for additional information regarding beneficial ownership of our capital stock. Upon completion of this offering, the ROFR Agreement will terminate and we will not have the right to purchase shares of our capital stock that our stockholders propose to sell to other parties.

Voting Agreement

We are party to an Eighth Amended and Restated Voting Agreement ("Voting Agreement"), dated as of November 21, 2019, under which certain holders of our capital stock, including Auto Holdings, Cascade, General Catalyst and affiliates of Catterton and T. Rowe, have agreed to vote their shares of our capital stock on certain matters, including with respect to the election of directors. Paul J. Hennessy, our Chief Executive Officer, and Robert J. Mylod, Jr., Scott A. Dahnke, Michael J. Farello and Adam Valkin, members of our board of directors, and/or certain entities affiliated with them are also parties to the Voting Agreement. Upon completion of this offering, the Voting Agreement will terminate and none of our stockholders will have any special rights regarding the election or designation of members of our board of directors.

Promissory Notes

In September 2016, we issued certain amended and restated promissory notes to Elie Wurtman, who was a member of our board of directors at that time, and two entities affiliated with Mr. Wurtman, totaling approximately $1.8 million, payable to us, as payment for the purchase price for an aggregate of 656,086 shares of common stock pursuant to the terms of restricted stock grants in 2014 and 2015. Pursuant to an amended and restated stock pledge agreement and joinder, these notes are secured by an aggregate of 848,910 shares of common stock. The promissory notes bear simple interest at the rate of 2.75% per annum until paid.

AutoNation Reconditioning Agreement

In January 2019, we entered into a vendor agreement ("Vendor Agreement") with AutoNation, an affiliate of Auto Holdings, a holder of more than 5% of our outstanding capital stock, pursuant to which AutoNation will provide certain reconditioning and repair services of vehicles owned by us. Amounts due under the Vendor Agreement for parts supplied and services performed by AutoNation become due and payable as they accrue. The Vendor Agreement was terminated in February 2020.

Master Services Agreement

In July 2015, we entered into a management services agreement ("MSA") with Catterton Management Company, L.L.C. ("Catterton Management"), an affiliate of Catterton, a holder of more than 5% of our outstanding capital stock, pursuant to which Catterton Management agreed to provide consulting services on certain business and financial matters. Under the MSA, we pay Catterton Management an annual fee of $250,000 until the expiration of the MSA upon the earlier of (i) termination by mutual consent of the parties and (ii) such time that Catterton and/or its affiliates cease to be one of our stockholders. Catterton waived our fee due under the MSA for 2018, 2019 and 2020.

Employment Agreements

We have granted stock options to our executive officers and certain of our directors. See the section titled "Executive Compensation—Summary Compensation Table" for a description of these stock options.

Director and Officer Indemnification and Insurance

Our amended and restated certificate of incorporation and amended and restated bylaws will provide indemnification and advancement of expenses for our directors and officers to the fullest extent permitted by the DGCL, subject to certain limited exceptions. Prior to the consummation of this offering, we intend to enter into separate indemnification agreements with each of our directors and executive officers. We have also purchased directors' and officers' liability insurance for each of our directors and executive officers. See "Description of Capital Stock—Limitations on Liability and Indemnification of Officers and Directors."

Our Policy Regarding Related Person Transactions

Our board of directors recognizes the fact that transactions with related persons present a heightened risk of conflicts of interests (or the perception thereof). Prior to the consummation of this offering, our board of directors will adopt a written policy on transactions with related persons that is in conformity with the requirements for issuers having publicly held common stock that is listed on the . This policy will cover any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships that meets the disclosure requirements set forth in Item 404 of Regulation S-K under the Securities Act ("Item 404"), in which we were or are to be a participant, and in which a "related person," as defined in Item 404, had, has or will have a direct or indirect material interest, including without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock (1)(i) reflecting the Automatic Conversion and (ii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws upon the closing of this offering, in each case as if such event had occurred on March 31, 2020, and (2) as adjusted to give effect to this offering, for:

- each person known by us to beneficially own more than 5% of our common stock;
- each of our directors;
- each of our named executive officers; and
- all of our executive officers and directors as a group.

The number of shares beneficially owned by each stockholder as described in this prospectus is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, warrants or other rights held by such person that are currently exercisable or will become exercisable within 60 days of are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. The applicable percentage ownership after this offering is based on shares of our common stock outstanding immediately following the completion of this offering, assuming that the underwriters will not exercise their over-allotment option and assuming the issuance of up to shares of common stock at the closing of this offering. Unless otherwise indicated, the address of all listed stockholders is 1375 Broadway, Floor 11, New York, NY 10018.

Each of the stockholders listed below has sole voting and investment power with respect to the shares beneficially owned by such stockholder unless noted otherwise, subject to community property laws where applicable.

	Shares of Common Stock Beneficially Owned Before This Offering		Shares of Common Stock Beneficially Owned After This Offering	
Name of Beneficial Owner	Number	%	Number	%
5% Stockholders:				
Entities affiliated with L Catterton(1)				
General Catalyst Group VII, L.P.(2)				
Certain funds and accounts advised by T. Rowe Price Associates, Inc.(3)				
Auto Holdings, LLC(4)				
Cascade Investment, L.L.C.(5)				
Named Executive Officers and Directors:				
Robert J. Mylod, Jr.(6)				
Scott A. Dahnke(7)				
Michael J. Farello				
Laura Lang				
Laura O'Shaughnessy				
Adam Valkin(8)				
Paul J. Hennessy(9)				
David K. Jones(10)				
Mark E. Roszkowski(11)				
All executive officers and directors as a group (individuals)(12)				

* Indicates beneficial ownership of less than 1%.

(1) Consists of (i) shares of preferred stock held of record by CGP2 Zoom Holding, L.P. (“CGP2 Zoom”), (ii) shares of common stock and shares of preferred stock held of record by CGP2 Lone Star, L.P. (“CGP2 Lone Star”) and (iii) shares of preferred stock held of record by LCGP3 Accelerator, L.P. (“LCGP3 Accelerator”). CGP2 Managers, L.L.C. is the general partner for each of CGP2 Zoom and CGP2 Lone Star. CGP3 Managers, L.L.C. is the general partner of LCGP3 Accelerator. The management of each of CGP2 Managers, L.L.C. and CGP3 Managers, L.L.C. is controlled by a managing board. J. Michael Chu and Scott A. Dahnke are the members of the managing board of each of CGP2 Managers, L.L.C. and CGP3 Managers, L.L.C. and as such could be deemed to share voting control and investment power over shares that may be deemed to be beneficially owned by the entities affiliated with L Catterton, but each disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. The address of the entities and individuals mentioned in this footnote is 599 West Putnam Avenue, Greenwich, CT 06830.

(2) Consists of shares of common stock and shares of preferred stock held by General Catalyst Group VII, L.P. (“GCG VII”). General Catalyst GP VII, LLC (“GCGP VII”) is the general partner of General Catalyst Partners VII, L.P. (“GCP VII”), which is the general partner of GCG VII. General Catalyst Group Management Holdings, L.P. (“GCGMH”) is the manager of General Catalyst Group Management, LLC (“GCGM”), which is the manager of GCGP VII. As the Managing Members of General Catalyst Group Management Holdings GP, LLC, the general partner of GCGMH, Kenneth Chenault, Joel Cutler, David Fialkow and Hement Taneja (collectively, the “Managing Members”), share voting and dispositive power with respect to the shares held by GCG VII. Each of the Managing Members, Adam Valkin, the general partner of GCGMH, GCGMH, GCGM, GCGP VII and GCP VII may be deemed to beneficially own such shares but each disclaims beneficial ownership of such shares. Adam Valkin, a member of our board of directors, is a limited partner of GCP VII and a managing director of GCP VII. The address of the entities and individuals mentioned in this footnote is 20 University Road, Suite 450, Cambridge, MA 02138.

(3) Consists of shares of common stock and shares of preferred stock held by funds and accounts for which T. Rowe Price Associates, Inc. (“TRPA”) serves as investment adviser or subadviser, as applicable, with power to direct investments and/or sole power to vote the securities owned by such funds and accounts (with the exception of one advisory fund that retains its own voting authority). TRPA may be deemed to be the beneficial owner of the shares held by such funds and accounts; however, TRPA expressly disclaims that it is, in fact, the beneficial owner of such securities. TRPA is the wholly owned subsidiary of T. Rowe Price Group, Inc., which is a publicly traded financial services holding company. T. Rowe Price Investment Services, Inc. (“TRPIS”), a registered broker-dealer (and FINRA member), is a subsidiary of TRPA. TRPIS was formed primarily for the limited purpose of acting as the principal underwriter and distributor of shares of the funds in the T. Rowe Price fund family. TRPIS does not engage in underwriting or market-making activities involving individual securities. The address for these entities is 100 East Pratt Street, Baltimore, MD 21202.

(4) Consists of shares of preferred stock held by Auto Holdings, LLC. AutoNation, Inc., a publicly traded company with securities listed on the New York Stock Exchange, is the sole member of Auto Holdings, LLC. The address for these entities is 200 SW 1st Avenue, Fort Lauderdale, FL 33301.

(5) Consists of shares of preferred stock held by Cascade Investment, L.L.C. (“Cascade”). All shares of our common stock held by Cascade may be deemed to be beneficially owned by William H. Gates III as the sole member of Cascade. The address of Cascade is 2365 Carillon Point, Kirkland, WA 98033.

(6) Consists of (i) shares of common stock, (ii) shares of preferred stock, (iii) shares of common stock subject to options that are exercisable within 60 days of , and (iv) restricted stock units in each case held by Mr. Mylod. Also consists of (i) 101,936 shares of common stock and (ii) shares of preferred stock held by Annox Capital, LLC. Mr. Mylod is the managing member of Annox Capital and therefore holds voting or dispositive power over the shares held by Annox Capital. The address for Annox Capital is 480 Pierce Street, Suite 240, Birmingham, MI 48009.

(7) Consists of the shares identified in footnote (1) above. Mr. Dahnke is a member of the managing board of each of CGP2 Managers, L.L.C. and CGP3 Managers, L.L.C. and as such could be deemed to share voting control and investment power over shares that may be deemed to be beneficially owned by the entities affiliated with L Catterton, but disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(8) Consists of the shares identified in footnote (2) above.

(9) Consists of (i) shares of common stock, (ii) shares of preferred stock, (iii) shares of restricted stock units and (iv) shares of common stock subject to options held by Mr. Hennessy that are exercisable within 60 days of .

(10) Consists of shares of common stock subject to options held by Mr. Jones that are exercisable within 60 days of .

(11) Consists of (i) shares of restricted stock units and (ii) shares of common stock subject to options held by Mr. Roszkowski that are exercisable within 60 days of .

(12) Consists of (i) shares of common stock, (ii) shares of preferred stock, (iii) shares of restricted stock units and (iv) shares of common stock subject to options held by all our current directors and executive officers as a group that are exercisable within 60 days of .

DESCRIPTION OF CAPITAL STOCK

General

At or prior to the consummation of this offering, we will file an amended and restated certificate of incorporation and we will adopt our amended and restated bylaws. Our amended and restated certificate of incorporation will authorize capital stock consisting of:

- shares of common stock, par value $0.001 per share; and
- shares of preferred stock, par value $0.001 per share.

We are selling shares of common stock in this offering (shares if the underwriters exercise their over-allotment option to purchase additional shares of our common stock in full).

Assuming (i) the conversion of all of our preferred stock into shares of common stock and (ii) the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, as of , 2020, there were shares of our common stock outstanding, held by stockholders of record, and no shares of our preferred stock outstanding.

The following summary describes the material provisions of our capital stock. We urge you to read our amended and restated certificate of incorporation and our amended and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part.

Certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws summarized below may be deemed to have an anti-takeover effect and may delay or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares of common stock.

Common Stock

Voting Rights

Holders of shares of our common stock will be entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. The holders of our common stock will not have cumulative voting rights in the election of directors.

Dividends

Holders of shares of our common stock will be entitled to receive ratably those dividends, if any, as may be declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Liquidation

In the event of our dissolution or liquidation, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our common stock will be entitled to share ratably in the remaining assets legally available for distribution.

Rights and Preferences

Holders of our common stock will not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock will be subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

Fully Paid and Nonassessable

All shares of our common stock outstanding upon consummation of this offering will be fully paid and non-assessable.

Preferred Stock

Upon the consummation of this offering and pursuant to our amended and restated certificate of incorporation that will become effective at the consummation of this offering, the total number of authorized shares of preferred stock will be shares. Upon the consummation of this offering, we will have no shares of preferred stock outstanding.

Under the terms of our amended and restated certificate of incorporation that will become effective upon the consummation of this offering, our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, powers, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

Warrants

As of November 30, 2019, there were warrants to purchase up to 80,568 shares of common stock and up to 294,985 shares of the Series F preferred stock. The warrants to purchase common stock include warrants issued to AutoAmerica, Inc., with an exercise price of $1.44 per share. The warrants to purchase Series F preferred stock include warrants issued to Eastward Fund Management, LLC in connection with the Term Loan Facility, with an exercise price of $17.06 per share.

The warrant for Series F preferred stock, which will remain outstanding following the closing of this offering, will become a warrant to purchase common stock. The warrant for Series F preferred stock will expire upon the earlier of August 11, 2027 and the third anniversary of this offering.

Registration Rights

The IRA provides that certain holders of our common stock and preferred stock, including, but not limited to, certain holders of at least 5% of our capital stock and entities affiliated with certain of our directors, have certain registration rights, as set forth below. The registration rights set forth in the IRA will expire five years following the completion of this offering, or, with respect to any particular stockholder, when such stockholder is able to sell all of its shares pursuant to Rule 144 of the Securities Act during any 90-day period without regard to volume and manner of sale limitation. We will pay the registration expenses (other than underwriting discounts and commissions and certain other expenses) of the holders of the shares registered pursuant to the registrations described below.

In an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. In connection with this offering, we expect that each stockholder will agree not to sell or otherwise dispose of any securities without the prior written consent of Goldman Sachs & Co. LLC for a period of 180 days after the date of this prospectus, subject to certain terms and conditions and early release of certain holders in specified circumstances. See the section titled ‘‘Shares Eligible for Future Sale—Lock-Up Agreements’’ for additional information regarding such restrictions.

Demand Registration Rights

After the completion of this offering, the holders of an aggregate of shares of our common stock will be entitled to certain demand registration rights. At any time beginning six months after the effective date of this registration statement, the holders of at least 20% of the registrable securities then outstanding may request that we register all or a portion of their shares. Such request for registration must cover securities the aggregate offering price of which, after payment of underwriting discounts and commissions, would exceed $5,000,000. We will not be required to effect more than two registrations on Form S-1 that have been declared effective. The company has the right to defer such registration under certain circumstances.

Piggyback Registration Rights

After the completion of this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, in connection with such offering, certain holders of our common stock will be entitled to certain piggyback registration rights allowing the holder to include its shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (i) a registration relating solely to the sale of securities to participants in a company stock plan, (ii) a registration relating to a corporate reorganization or other transaction listed in Rule 145 under the Securities Act and (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the registrable securities, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their shares in the registration.

Form S-3 Registration Rights

After the completion of this offering, the holders of an aggregate of shares of our common stock will be entitled to certain Form S-3 registration rights. The holders of at least 10% of the registrable securities then outstanding can make a request that we register their shares on Form S-3 if we are qualified to file a registration statement on Form S-3 and if the reasonably anticipated aggregate offering price, after payment of underwriting discounts and commissions, would equal or

exceed $1,000,000. We will not be required to effect more than two registrations on Form S-3 within any 12-month period. The company has the right to defer such registration under certain circumstances.

Forum Selection

Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees or stockholders to us or our stockholders; (3) any action asserting a claim against us, any director or our officers and employees arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws, or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery; or (4) any action asserting a claim against us, any director or our officers or employees that is governed by the internal affairs doctrine; provided that the exclusive forum provisions will not apply to suits brought to enforce any liability or duty created by the Exchange Act, or to any claim for which the federal courts have exclusive jurisdiction. Our amended and restated certificate of incorporation will further provide that, unless we consent in writing to the selections of an alternative forum, the federal district courts are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, subject to a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

Dividends

Declaration and payment of any dividend will be subject to the discretion of our board of directors. The time and amount of dividends will be dependent upon, among other things, our business prospects, results of operations, financial condition, cash requirements and availability, debt repayment obligations, capital expenditure needs, contractual restrictions, covenants in the agreements governing our current and future indebtedness, industry trends, the provisions of Delaware law affecting the payment of dividends and distributions to stockholders and any other factors or considerations our board of directors may regard as relevant. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business, and therefore do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. See “Dividend Policy” and “Risk Factors—Risks Relating to this Offering and Ownership of our Common Stock—We do not intend to pay dividends on our common stock for the foreseeable future.”

Anti-Takeover Provisions

Our amended and restated certificate of incorporation and amended and restated bylaws, as they will be in effect upon the consummation of this offering, will contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Stockholder Action; Special Meetings of Stockholders

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that our stockholders may not take action by written consent, but may only take action at

annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Further, our amended and restated bylaws provide that only the chairperson of our board of directors or a majority of our board of directors may call special meetings of our stockholders, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

In addition, our amended and restated bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting or special meeting of stockholders, including proposed nominations of candidates for election to our board of directors. Generally, in order for any matter to be "properly brought" before a meeting, the matter must be (a) specified in a notice of meeting given by or at the direction of our board of directors, (b) if not specified in a notice of meeting, otherwise brought before the meeting by our board of directors or the chairperson of the meeting, or (c) otherwise properly brought before the meeting by a stockholder present in person who (1) was a stockholder both at the time of giving the notice and at the time of the meeting, (2) is entitled to vote at the meeting, and (3) has complied with the advance notice procedures specified in the amended and restated bylaws or properly made such proposal in accordance with Rule 14a-8 under the Exchange Act and the rules and regulations thereunder, which proposal has been included in the proxy statement for the annual meeting. Further, for business to be properly brought before an annual meeting by a stockholder, the stockholder must (a) provide Timely Notice (as defined below) thereof in writing and in proper form to the secretary and (b) provide any updates or supplements to such notice at the times and in the forms required by our amended and restated bylaws. To be timely, a stockholder's notice must be delivered to, or mailed and received at, our principal executive offices not less than 90 days nor more than 120 days prior to the one-year anniversary of the preceding year's annual meeting; provided, however, that if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, to be timely, notice by the stockholder must be so delivered, or mailed and received, not later than the 90th day prior to such annual meeting or, if later, the 10th day following the day on which public disclosure of the date of such annual meeting was first made (such notice within such time periods, "Timely Notice").

Stockholders at an annual meeting or special meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a qualified stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying stockholder actions that are favored by the holders of a majority of our outstanding voting securities until the next stockholder meeting.

Amendment of Certificate of Incorporation or Bylaws

Upon consummation of this offering, our amended and restated bylaws may be amended or repealed by a majority vote of our board of directors or by the affirmative vote of two-thirds of the votes which all of our stockholders would be eligible to cast in an election of directors. The affirmative vote of a majority of our board of directors and two-thirds in voting power of the outstanding shares entitled to vote thereon would be required to amend our amended and restated certificate of incorporation.

Section 203 of the DGCL

We will be governed by the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time of the transaction in which the person became an interested stockholder, unless:

- the business combination or transaction which resulted in the stockholder becoming an interested stockholder was approved by the board of directors prior to the time that the stockholder became an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by directors who are also officers of the corporation and shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the time the stockholder became an interested stockholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least $66^{2}/_{3}\%$ of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an "interested stockholder" as a person who, together with affiliates and associates, owns, or, if such person is an affiliate or associate of the corporation, within three years did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring or preventing changes in control of our company.

Limitations on Liability and Indemnification of Officers and Directors

Our amended and restated certificate of incorporation and amended and restated bylaws will provide indemnification and advancement of expenses for our directors and officers to the fullest extent permitted by the DGCL, subject to certain limited exceptions. Prior to the consummation of this offering, we intend to enter into separate indemnification agreements with each of our directors and our executive officers. In some cases, the provisions of our indemnification agreements with our directors and executive officers may be broader than the specific indemnification provisions contained under Delaware law. In addition, as permitted by Delaware law, our amended and restated certificate of incorporation will include provisions that eliminate the personal liability of our directors for monetary damages resulting from breaches of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duties as a director. This provision does not, however, eliminate the personal liability of our directors for monetary damages resulting from: (1) breach of the director's duty of loyalty, (2) acts or omissions not in good faith that involve intentional misconduct or knowing violation of law, (3) an unlawful payment of dividends or an unlawful stock purchase or redemption, or (4) any transaction from which the director derived an improper personal benefit.

These provisions may be held not to be enforceable for violations of the federal securities laws of the United States.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of Vroom, Inc. Pursuant to the Section 262 of the DGCL, stockholders who properly demand and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company.

Trading Symbol and Market

We intend to apply to list our common stock on Nasdaq under the symbol "VRM."

SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there was no public market for our common stock. Future sales of substantial amounts of our common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock. Although we have applied to have our common stock listed on Nasdaq, we cannot assure you that there will be an active public market for our common stock.

Upon the closing of this offering, we will have outstanding an aggregate of shares of common stock, assuming the issuance of shares of common stock offered by us in this offering. Of these shares, all shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act, whose sales would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining shares of common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below.

Registration Rights

Pursuant to our IRA, after the completion of this offering, the holders of up to shares of our common stock, or certain transferees, will be entitled to certain rights with respect to the registration of the offer and sale of those shares under the Securities Act. See the section titled "Description of Capital Stock—Registration Rights" for a description of these registration rights. If the offer and sale of these shares of our common stock are registered, the shares will be freely tradable without restriction under the Securities Act, subject to the Rule 144 limitations applicable to affiliates, and a large number of shares may be sold into the public market.

Lock-Up Agreements

We, our executive officers, directors and the holders of substantially all of our outstanding stock, without the prior written consent of Goldman Sachs & Co. LLC, will not, subject to certain exceptions, during the period ending 180 days after the date of this prospectus:

- offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of, or publicly disclose the intention to make any offer, sale, pledge or disposition of any shares of our common stock, or any options or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable for, or that represent the right to receive, shares of our common stock; or
- engage in any hedging or other transaction or arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or other derivative transaction or instrument) which is designed to or which could reasonably be expected to lead to or result in a sale, loan, pledge or other disposition or transfer of all or a portion of the economic consequences of ownership of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock,

whether any transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

Upon the expiration of the lock-up period, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above. For a further description of these lock-up agreements, please see “Underwriting.”

Rule 144

Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned shares of our common stock for at least 180 days would be entitled to sell in “broker’s transactions” or certain “riskless principal transactions” or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding; and
- the average weekly trading volume in our common stock on the during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with the SEC and Nasdaq concurrently with either the placing of a sale order with the broker or the execution directly with a market maker.

Non-Affiliate Resales of Restricted Securities

Under Rule 144, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the 90 days preceding a sale, and who has beneficially owned shares of our common stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of the registration statement of which this prospectus forms a part is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. Our affiliates can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

Equity Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of all shares of our common stock subject to outstanding stock options and common stock issued or issuable under our 2020 Plan. We expect to file the registration statement covering shares offered pursuant to our 2020 Plan shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144. See the section titled “Executive Compensation—Equity Plans” for a description of our equity compensation plans.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors in such entities);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons for whom our common stock constitutes "qualified small business stock" within the meaning of Section 1202 of the Code;
- tax-qualified retirement plans;
- "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the stock being taken into account in an applicable financial statement.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the

activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a “Non-U.S. Holder” is any beneficial owner of our common stock that is neither a “U.S. person” nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section entitled, “Dividend Policy,” we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions of cash or property on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder’s adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under “—Sale or Other Taxable Disposition.” Because we may not know the extent to which a distribution is a dividend for U.S. federal income tax purposes at the time it is made, for purposes of the withholding rules discussed below, we or the applicable withholding agent may treat the entire distribution as a dividend.

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest ("USRPI"), by reason of our status as a U.S. real property holding corporation ("USRPHC") for U.S. federal income tax purposes.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or other applicable documentation, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act ("FATCA")) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of

such stock on or after January 1, 2019, proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING

The company and Goldman Sachs & Co. LLC, BofA Securities, Inc., Allen & Company LLC and Wells Fargo Securities, LLC, as representatives of the underwriters named below, will enter into an underwriting agreement with respect to the shares of common stock being offered. Subject to certain conditions, each underwriter will severally agree to purchase the number of shares indicated in the following table.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
BofA Securities, Inc.	
Allen & Company LLC	
Wells Fargo Securities, LLC	
Stifel, Nicolaus & Company, Incorporated	
William Blair & Company, L.L.C.	
Robert W. Baird & Co. Incorporated	
JMP Securities LLC	
Wedbush Securities Inc.	
Total	

The underwriters will commit to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional shares of common stock from the company to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts to be paid to the underwriters by the company. Such amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option to purchase additional shares of our common stock.

	Paid by the Company	
	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The company and its officers, directors, and holders of substantially all of the company's common stock and securities convertible into or exchangeable for the company's common stock have agreed or will agree with the underwriters, subject to certain exceptions, not to offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of, or publicly disclose the intention to make any offer, sale, pledge or disposition of any shares of our common stock, or any options or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable for, or that

represent the right to receive, shares of our common stock, engage in any hedging or other transaction or arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call operation, or combination thereof, forward, swap or other derivative transaction or instrument) which is designed to or which could reasonably be expected to lead to or result in a sale, loan, pledge or other disposition or transfer of all or a portion of the economic consequences of ownership of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman Sachs & Co. LLC. See “Shares Eligible for Future Sale” for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares of our common stock. The initial public offering price has been negotiated between the company and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be the company’s historical performance, estimates of the business potential and earnings prospects of the company, an assessment of the company’s management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to apply to list the common stock on Nasdaq under the symbol “VRM.”

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the company’s stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on Nasdaq, in the over-the-counter market or otherwise.

The company estimates that its share of the total expenses of the offering, excluding the underwriting discount, will be approximately $. The Company has agreed to reimburse the

underwriters for certain out-of-pocket expenses in connection with this offering in an amount not to exceed $45,000.

The company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the company and to persons and entities with relationships with the company, for which they received or will receive customary fees and expenses.

Certain entities and persons affiliated with certain of the underwriters own or have an economic interest in shares of our common stock received upon the automatic conversion of our preferred stock acquired in private placements. The difference between the price paid for 34,585 of such shares (the “Acquired Securities”) and the public offering price in this offering will be deemed to be underwriting compensation in connection with this offering. The aggregate purchase price paid for the Acquired Securities was approximately $940,366.15. Such Acquired Securities will be subject to lock-up restrictions, as required by FINRA Rule 5110(g)(1), and may not be sold during the offering, or sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of such securities by any person for a period of 180 days immediately following the date of effectiveness of the registration statement of which this prospectus forms a part or commencement of sales of the offering, except as provided in FINRA Rule 5110(g)(2).

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the company (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the company. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

European Economic Area

In relation to each Member State of the European Economic Area (each a “Member State”), no shares of our common stock have been offered or will be offered pursuant to the offering to the public in that Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representative for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares of our common stock shall require the company or the representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares of common stock in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of common stock, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies

(Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the

transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to the offering, the Company or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure

document under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

LEGAL MATTERS

The validity of the shares of our common stock offered hereby will be passed upon for us by Latham & Watkins LLP, New York, New York. Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, has acted as counsel for the underwriters in connection with certain legal matters related to this offering.

EXPERTS

The financial statements as of December 31, 2019 and 2018 and for the years then ended included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to the Company's ability to continue as a going concern as described in Note 2 to the financial statements) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed with the registration statement. For further information about us and the common stock offered hereby, we refer you to the registration statement and the exhibits filed with the registration statement. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. The SEC also maintains an internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the SEC. The address of that website is *www.sec.gov*.

Upon the closing of this offering, we will be required to file periodic reports, proxy statements, and other information with the SEC pursuant to the Exchange Act. These reports, proxy statements, and other information will be available on the website of the SEC referred to above.

We also maintain a website at *www.vroom.com*, through which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Vroom, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vroom, Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of changes in redeemable convertible preferred stock and stockholders' deficit and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, since inception, the Company has had losses and negative cash flows from operations which it has funded primarily through issuances of common and preferred stock. The continued spread of COVID-19 has resulted in adverse macroeconomic conditions and uncertainties that have and are expected to continue to adversely impact the Company's liquidity and operations which raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

New York, New York

March 12, 2020, except with respect to the matters that raise substantial doubt about the Company's ability to continue as a going concern discussed in Note 2 under Liquidity and Management's Plan, as to which the date is May 12, 2020

We have served as the Company's auditor since 2016.

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

	As of December 31,		As of March 31	Pro Forma as of March 31,
	2018	2019	2020 (unaudited)	2020 (unaudited)
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 161,656	$ 217,734	$ 169,842	
Restricted cash	1,853	1,853	32,501	
Accounts receivable, net	13,207	30,848	35,033	
Inventory	115,551	205,746	179,617	
Prepaid expenses and other current assets	5,214	9,149	12,264	
Total current assets	297,481	465,330	429,257	
Property and equipment, net	7,673	7,828	8,984	
Intangible assets, net	3,945	572	434	
Goodwill	78,172	78,172	78,172	
Operating lease right-of-use assets	—	—	16,656	
Other assets	5,573	11,485	13,580	
Total assets	$ 392,844	$ 563,387	$ 547,083	
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT				
Current Liabilities:				
Accounts payable	$ 14,824	$ 18,987	$ 16,033	
Accrued expenses	21,565	38,491	32,371	
Vehicle floorplan	95,482	173,461	165,166	
Current portion of long-term debt	8,386	135	137	
Deferred revenue	6,421	17,323	12,824	
Operating lease liabilities, current	—	—	4,724	
Other current liabilities	5,617	11,437	15,712	
Total current liabilities	152,295	259,834	246,967	
Long-term debt, net of current portion	16,045	181	145	
Operating lease liabilities, excluding current portion	—	—	12,912	
Other long-term liabilities	2,270	2,892	2,136	
Total liabilities	170,610	262,907	262,160	
Commitments and contingencies (Note 10)				
Redeemable convertible preferred stock, $0.001 par value; 35,316,392, 43,061,682, and 43,061,682 shares authorized as of December 31, 2018 and 2019 and March 31, 2020, respectively; 33,412,650, 41,784,314, and 42,766,697 shares issued and outstanding as of December 31, 2018 and 2019 and March 31, 2020, respectively; no shares issued and outstanding as of March 31, 2020, pro forma (unaudited); aggregate liquidation preference of $466,796, $694,477, and 721,161 as of December 31, 2018 and 2019 and March 31, 2020, respectively	519,100	874,332	901,046	—
Stockholders' deficit:				
Common stock, $0.001 par value; 46,476,600, 56,721,927, and 56,721,927 shares authorized as of December 31, 2018 and 2019 and March 31, 2020, respectively; 4,285,693, 4,325,461, and 4,226,848 shares issued and outstanding as of December 31, 2018 and 2019 and March 31, 2020, respectively; 46,993,545 shares issued and outstanding as of March 31, 2020, pro forma (unaudited)	4	4	4	47
Additional paid-in-capital	—	—	—	901,003
Accumulated deficit	(296,870)	(573,856)	(616,127)	(616,127)
Total stockholders' (deficit) equity	(296,866)	(573,852)	(616,123)	$ 284,923
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 392,844	$ 563,387	$ 547,083	

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
Revenue:				
Retail vehicle, net	$ 656,928	$ 952,910	$ 178,750	$ 308,710
Wholesale vehicle	174,514	213,464	52,119	55,578
Product, net	19,653	23,708	3,745	11,044
Other	4,334	1,739	445	440
Total revenue	855,429	1,191,821	235,059	375,772
Cost of sales	794,622	1,133,962	223,047	357,385
Total gross profit	60,807	57,859	12,012	18,387
Selling, general and administrative expenses	133,842	184,988	36,583	58,380
Depreciation and amortization	6,857	6,019	1,533	966
Loss from operations	(79,892)	(133,148)	(26,104)	(40,959)
Interest expense	8,513	14,596	2,718	2,826
Interest income	(3,135)	(5,607)	(1,849)	(1,956)
Other (income) expense, net	(321)	673	63	(823)
Loss before provision for income taxes	(84,949)	(142,810)	(27,036)	(41,006)
Provision for income taxes	229	168	103	53
Net loss	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Accretion of redeemable convertible preferred stock	(13,036)	(132,750)	(17,964)	—
Net loss attributable to common stockholders	$ (98,214)	$ (275,728)	$ (45,103)	$ (41,059)
Net loss per share attributable to common stockholders, basic and diluted	$ (23.00)	$ (64.08)	$ (10.51)	$ (9.69)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	4,270,389	4,302,981	4,289,415	4,235,728
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		$ (3.10)		$ (0.87)
Pro forma weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		46,087,295		47,002,425

See Notes to Consolidated Financial Statements.

VROOM, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(in thousands, except share amounts)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance at January 1, 2018	25,272,630	$360,165	4,261,055	$ 4	$ —	$ (201,503)	$ (201,499)
Cumulative effect of accounting change—revenue recognition	—	—	—	—	—	1,658	1,658
Stock-based compensation	—	—	—	—	1,158	—	1,158
Exercise of stock options	—	—	6,251	—	31	—	31
Vesting of restricted stock awards	—	—	18,387	—	—	—	—
Issuance of Series G redeemable convertible preferred stock, net of issuance costs	8,140,020	145,899	—	—	—	—	—
Accretion of redeemable convertible preferred stock	—	13,036	—	—	(1,189)	(11,847)	(13,036)
Net loss	—	—	—	—	—	(85,178)	(85,178)
Balance at December 31, 2018	33,412,650	$519,100	4,285,693	$ 4	$ —	$ (296,870)	$ (296,866)
Stock-based compensation	—	$ —	—	$ —	$ 2,756	$ —	$ 2,756
Exercise of stock options	—	—	67,975	—	466	—	466
Vesting of restricted stock awards	—	—	311,916	—	1,344	—	1,344
Repurchase of common stock	—	—	(340,123)	—	(4,566)	(1,258)	(5,824)
Issuance of Series H redeemable convertible preferred stock, net of issuance costs	8,371,664	222,482	—	—	—	—	—
Accretion of redeemable convertible preferred stock	—	132,750	—	—	—	(132,750)	(132,750)
Net loss	—	—	—	—	—	(142,978)	(142,978)
Balance at December 31, 2019	41,784,314	$874,332	4,325,461	$ 4	$ —	$ (573,856)	$ (573,852)
Stock-based compensation (unaudited)	—	$ —	—	$ —	$ 600	$ —	$ 600
Exercise of stock options (unaudited)	—	—	1,387	—	6	—	6
Repurchase of common stock (unaudited)	—	—	(100,000)	—	(606)	(1,212)	(1,818)
Issuance of Series H redeemable convertible preferred stock, net of issuance costs (unaudited)	982,383	26,714	—	—	—	—	—
Net loss (unaudited)	—	—	—	—	—	(41,059)	(41,059)
Balance at March 31, 2020 (unaudited)	42,766,697	$901,046	4,226,848	$ 4	$ —	$ (616,127)	$ (616,123)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance at December 31, 2018	33,412,650	$519,100	4,285,693	$ 4	$ —	$ (296,870)	$ (296,866)
Stock-based compensation (unaudited)	—	$ —	—	$ —	$ 869	$ —	$ 869
Exercise of stock options (unaudited)	—	—	50,975	—	347	—	347
Repurchase of common stock (unaudited)	—	—	(46,593)	—	(1,216)	674	(542)
Accretion of redeemable convertible preferred stock (unaudited)	—	17,964	—	—	—	(17,964)	(17,964)
Net loss (unaudited)	—	—	—	—	—	(27,139)	(27,139)
Balance at March 31, 2019 (unaudited)	33,412,650	$537,064	4,290,075	$ 4	$ —	$ (341,299)	$ (341,295)

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
Operating activities				
Net loss	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	6,932	6,157	1,589	970
Amortization of debt issuance costs	279	357	83	94
Loss on extinguishment of debt	—	1,031	—	—
Stock-based compensation expense	1,158	2,756	869	600
Loss on disposal of property and equipment	3,198	789	747	—
Provision for doubtful accounts	—	789	—	345
Provision for inventory obsolescence	(1,069)	2,682	(1,271)	4,427
Revaluation of preferred stock warrant liability	174	769	82	(790)
Other	—	—	—	(39)
Changes in operating assets and liabilities:				
Accounts receivable	9,049	(18,430)	(4,161)	(4,530)
Inventory	11,902	(92,877)	(11,412)	21,702
Prepaid expenses and other current assets	(2,916)	(3,935)	(552)	(2,084)
Other assets	(3,105)	(3,487)	(1,781)	(807)
Accounts payable	(6,527)	4,035	(959)	(2,937)
Accrued expenses	6,291	10,131	3,272	(847)
Deferred revenue	860	10,902	(1,412)	(4,499)
Other liabilities	(5,959)	5,673	4,128	4,309
Net cash used in operating activities	(64,911)	(215,636)	(37,917)	(25,145)
Investing activities				
Purchase of property and equipment	(2,062)	(3,528)	(261)	(1,699)
Proceeds from the sale of property and equipment	14,850	—	—	—
Net cash provided by (used in) investing activities	12,788	(3,528)	(261)	(1,699)
Financing activities				
Repayments of long-term debt	(5,670)	(25,229)	(962)	(34)
Proceeds from long-term debt	—	412	412	—
Payments of debt extinguishment costs	—	(685)	—	—
Proceeds from vehicle floorplan	648,309	992,179	178,522	293,854
Repayments of vehicle floorplan	(656,194)	(914,200)	(162,322)	(302,149)
Payment of vehicle floorplan upfront commitment fees	—	—	—	(1,125)
Proceeds from the issuance of redeemable convertible preferred stock, net	145,899	227,502	—	21,694
Repurchase of common stock	—	(5,824)	(542)	(1,818)
Proceeds from exercise of stock options and vesting of restricted stock awards	31	1,810	347	6
Payments of costs related to planned initial public offering	—	(723)	—	(828)
Net cash provided by financing activities	132,375	275,242	15,455	9,600
Net increase (decrease) in cash, cash equivalents and restricted cash	80,252	56,078	(22,723)	(17,244)
Cash, cash equivalents and restricted cash at the beginning of period	83,257	163,509	163,509	219,587
Cash, cash equivalents and restricted cash at the end of period	$ 163,509	$ 219,587	$ 140,786	$ 202,343
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 7,743	$ 12,607	$ 2,514	$ 2,743
Cash paid for income taxes	$ 212	$ 157	$ —	$ —
Supplemental disclosure of non-cash investing and financing activities:				
Accretion of redeemable convertible preferred stock	$ 13,036	$ 132,750	$ 17,964	$ —
Series H preferred stock issuance costs included in accrued expenses	$ —	$ 5,020	$ —	$ —
Costs related to planned initial public offering included in accrued expenses	$ —	$ 1,703	$ —	$ 2,162
Accrued property and equipment expenditures	$ —	$ 200	$ —	$ 289

See Notes to Consolidated Financial Statements.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation

Description of Business and Organization

Vroom, Inc., and its wholly owned subsidiaries (collectively "the Company") is an innovative, end-to-end ecommerce platform that is transforming the used vehicle industry by offering a better way to buy and a better way to sell used vehicles.

In December 2015, the Company acquired Houston-based Left Gate Property Holding, LLC (d/b/a as Texas Direct Auto and herein referred to as "TDA") which is the Company's physical retail location.

The Company currently is organized into three reportable segments: Ecommerce, TDA, and Wholesale. The Ecommerce reportable segment represents retail sales of used vehicles through the Company's ecommerce platform and fees earned on sales of value-added products associated with those vehicles sales. The TDA reportable segment represents retail sales of used vehicles from TDA and fees earned on sales of value-added products associated with those vehicles sales. The Wholesale reportable segment represents sales of used vehicles through wholesale auctions.

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.

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Unaudited Interim Consolidated Financial Statements

The accompanying interim consolidated balance sheet as of March 31, 2020, the interim consolidated statements of operations and cash flows for the three months ended March 31, 2019 and 2020 and the interim consolidated statements of redeemable convertible preferred stock and stockholders' deficit for the three months ended March 31, 2019 and 2020 and amounts relating to the interim periods included in the accompanying notes to the interim consolidated financial statements are unaudited. The unaudited interim financial statements have been prepared on the same basis as the audited consolidated financial statements, and in management's opinion, includes all adjustments, consisting of only normal recurring adjustments, necessary for the fair presentation of the Company's consolidated balance sheet as of March 31, 2020 and its results of operations and cash flows for the three months ended March 31, 2019 and 2020. The results for the three months ended March 31, 2020 are not necessarily indicative of the results expected for the fiscal year or any other periods.

Unaudited Pro Forma Consolidated Balance Sheet Information

The unaudited pro forma balance sheet information as of March 31, 2020 presents the Company's stockholders' equity (deficit) as though all of the Company's redeemable convertible preferred stock outstanding had automatically converted into an aggregate of 42,766,697 shares of the

Company's common stock, upon the completion of a qualifying initial public offering ("IPO") of the Company's common stock. The shares of common stock issuable and the proceeds expected to be received by the Company upon the completion of a qualifying IPO are excluded from such pro forma financial information.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of 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, and expenses and related disclosures. On an ongoing basis, the Company evaluates its estimates, including, among others, those related to income taxes, the realizability of inventory, stock-based compensation, contingencies, revenue-related reserves, fair value measurements, goodwill, 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.

Beginning in the first quarter of 2020, the coronavirus disease ("COVID-19") pandemic has negatively impacted, and may continue to negatively impact, the macroeconomic environment in the United States and globally, including the Company's business, financial condition and results of operations. Due to the evolving and uncertain nature of COVID-19, it is reasonably possible that it could materially impact the Company's estimates, particularly those noted above that require consideration of forecasted financial information, in the near to medium term. The ultimate impact will depend on numerous evolving factors that the Company may not be able to accurately predict, including the duration and extent of the pandemic, the impact of federal, state, local and foreign governmental actions, consumer behavior in response to the pandemic and other economic and operational conditions the Company may face.

Comprehensive Loss

The Company did not have any other comprehensive income or loss for years ended December 31, 2018 and 2019 and for the three months ended March 31, 2019 and 2020. Accordingly, net loss and comprehensive loss are the same for the periods presented.

Revenue Recognition

Revenue consists of retail used vehicle sales, wholesale used vehicle sales, fees earned on sales of value-added products to customers in connection with vehicles sales, and other revenues. Refer to Note 3 – Revenue Recognition for a discussion of the Company's significant accounting policies related to revenue recognition.

Cost of sales

Cost of sales primarily includes the cost to acquire used vehicles, inbound transportation costs and direct and indirect reconditioning costs associated with preparing vehicles for resale. Reconditioning costs include parts, labor and third-party reconditioning costs directly attributable to the vehicle and allocated overhead costs. Cost of sales also includes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash and Cash Equivalents

Cash and cash equivalents include cash deposits at financial institutions and highly liquid investments with original maturities of three months or less. Outstanding checks that are in excess of the cash balances at certain financial institutions are included in “Accounts payable” in the consolidated balance sheets and changes in these amounts are reflected in operating cash flows in the consolidated statements of cash flows.

Restricted Cash

Restricted cash as of December 31, 2018 and 2019 and March 31, 2020 includes cash deposits required under letter of credit agreements as explained in Note 10 – Commitments and Contingencies. Restricted cash as of March 31, 2020 also includes a $30.6 million cash deposit required under the Company’s 2020 Vehicle Floorplan Facility as explained in Note 8 – Vehicle Floorplan Facilities.

Accounts Receivable, Net

Accounts receivable, net of an allowance for doubtful accounts, includes amounts due from customers and from third-party financial institutions related to vehicle purchases. The allowance for doubtful accounts is estimated based upon historical experience, age of the balances, current economic conditions and other factors and is evaluated as of each reporting date. The allowance for doubtful accounts was $0.0, $0.8 million and $1.1 million as of December 31, 2018 and 2019 and March 31, 2020, respectively. Increases and decreases in the allowance for doubtful accounts are recorded in “Selling, general and administrative expenses” in the consolidated statements of operations.

Inventory

Inventory consists primarily of used vehicles and parts and accessories and is stated at the lower of cost or net realizable value. Inventory cost is determined by specific identification and includes acquisition cost, direct and indirect reconditioning costs and inbound transportation expenses. Net realizable value represents the estimated selling price less costs to complete, dispose and transport the vehicles. The Company recognizes any necessary adjustments to reflect inventory at the lower of cost or net realizable value through adjustments to “Cost of sales” in the consolidated statements of operations.

Property and Equipment, Net

Property and equipment are recorded at cost less accumulated depreciation and amortization. Charges for repairs and maintenance that do not improve or extend the life of the respective assets are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are written off and any resulting gains or losses are recorded during the period.

Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives of the assets:

Equipment	3 to 7 years
Furniture and fixtures	3 to 15 years
Company Vehicles	4 to 7 years
Leasehold improvements	Lesser of useful life or lease term
Internal-use software	3 to 5 years

The Company capitalizes direct costs of materials and services utilized in developing or obtaining internal-use software. The Company also capitalizes payroll and payroll-related costs for employees who are directly associated with and who devote time to the development of software products for internal

use, to the extent of the time spent directly on the project. Capitalization of costs begins during the application development stage and ends when the software is available for general use. Costs incurred during the preliminary project and post-implementation stages are charged to expense as incurred.

Goodwill and Intangible Assets

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed in business combinations. Goodwill is tested for impairment annually as of October 1 or whenever events or changes in circumstances indicate that an impairment may exist.

The Company has three reporting units: Ecommerce, TDA, and Wholesale. In performing its annual goodwill impairment test, the Company first reviews qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing qualitative factors, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the quantitative test is unnecessary and the Company's goodwill is not considered to be impaired. However, if based on the qualitative assessment the Company concludes that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, or if the Company elects to bypass the optional qualitative assessment as provided for under U.S. GAAP, the Company proceeds with performing the quantitative impairment test.

As a result of developments in the current economic environment related to the COVID-19 pandemic and its impact on the operations of the Company's physical retail location, the Company determined that an interim quantitative goodwill impairment test was required for the TDA reporting unit as of March 31, 2020. The results of the quantitative test indicated that the fair value of the TDA reporting unit substantially exceeded carrying value and that the TDA reporting unit was not at risk of failing the quantitative impairment test. Given the amount the fair value for the Ecommerce and Wholesale reporting units exceeded their carrying values, and after considering other relevant qualitative factors, the Company determined that interim goodwill tests were not required for these reporting units, as the Company determined it is not more likely than not that the fair value is less than the carrying value.

No goodwill impairment was determined to exist in connection with the Company's annual impairment tests for the years ended December 31, 2018 and 2019. In connection with its annual goodwill impairment test as of October 1, 2019, the Company performed qualitative impairment assessments for each of its reporting units. The results of the qualitative assessments indicated that it was not more likely than not that the fair value of the reporting units were less than the carrying values. In connection with the annual goodwill impairment test as of October 1, 2018, the Company performed qualitative impairment assessments for the Ecommerce and Wholesale reporting units. The results of the qualitative assessments indicated that it was not more likely than not that the fair value of the reporting units were less than the carrying values. For the TDA reporting unit, the Company determined the most effective approach was to bypass the optional qualitative assessment and perform a quantitative impairment test. The results of the quantitative test indicated that the fair value of the TDA reporting unit substantially exceeded carrying value and that the TDA reporting unit was not at risk of failing the quantitative impairment test.

A quantitative goodwill impairment test requires a determination of whether the estimated fair value of a reporting unit is less than its carrying value. The Company estimates the fair value of a reporting unit using an income valuation approach. The income valuation approach is applied using the discounted cash flow method which requires (1) estimating future cash flows for a discrete projection period (2) estimating the terminal value, which reflects the remaining value that the reporting unit is

expected to generate beyond the projection period and (3) discounting those amounts to present value at a discount rate which is based on a weighted average cost of capital that considers the relative risk of the cash flows. The income valuation approach requires the use of significant estimates and assumptions, which include revenue growth rates, future gross profit margins and operating expenses used to calculate projected future cash flows, determination of the weighted average cost of capital, and future economic and market conditions. The terminal value is based on an exit multiple which requires significant assumptions regarding the selection of appropriate multiples that consider relevant market trading data. The Company bases its estimates and assumptions on its knowledge of the automotive and ecommerce industries, its recent performance, its expectations of its future performance, and other assumptions it believes to be reasonable. Actual future results may differ from those estimates. The Company also makes certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of its reporting units.

The Company's intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Trademarks	5 years
Technology	4 years

The Company periodically reassesses the useful lives of its definite-lived intangible assets when events or circumstances indicate that useful lives have significantly changed from the previous estimate.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets, including definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When impairment indicators are present, the recoverability of an asset is measured by comparing the carrying value of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charges were recognized for the years ended December 31, 2018 and 2019 and for the three months ended March 31, 2019 and 2020.

Deferred Offering Costs

Deferred offering costs, including legal, accounting and other fees and costs relating to the Company's planned initial public offering, are capitalized and included within "Other assets" in the consolidated balance sheets. The deferred offering costs will be offset against initial public offering proceeds within equity upon the closing of the initial public offering. As of December 31, 2018 and 2019 and March 31, 2020, there were $0.0 million, $2.4 million and $3.8 million, respectively, of capitalized deferred offering costs included within "Other assets."

Vehicle Floorplan

The vehicle floorplan facility reflects amounts borrowed by the Company to finance the purchase of specific vehicle inventories. Portions of the vehicle floorplan facility are settled on a daily basis depending on the Company's sales and purchasing activity. The vehicle floorplan facility is collateralized by vehicle inventories and certain other assets of the Company. Borrowings and repayments are presented separately and classified as financing activities within the consolidated statements of cash flows.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes

The Company accounts for income taxes under the asset and liability method. The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, as well as for operating loss and tax credit carry forwards. The Company measures deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which the Company expects to recover or settle those temporary differences. The Company recognizes the effect of a change in tax rates on deferred tax assets and liabilities in the results of operations in the period that includes the enactment date. The Company reduces the measurement of a deferred tax asset, if necessary, by a valuation allowance if it is "more-likely-than-not" that the Company will not realize some or all of the deferred tax asset. The Company accounts for uncertain tax positions by recognizing the financial statement effects of a tax position only when, based upon technical merits, it is "more likely than not" that the position will be sustained upon examination. Potential interest and penalties associated with unrecognized tax positions are recognized in income tax expense.

Stock-Based Compensation

The Company recognizes the cost of employee services received in exchange for stock awards based on the fair value of those awards at the date of grant over the requisite service period. The Company uses the Black-Scholes-Merton ("Black-Scholes") option pricing model to determine the fair value of its stock-based awards. Estimating the fair value of stock-based awards requires the input of subjective assumptions, including the estimated fair value of the Company's common stock, the expected life of the options, stock price volatility, the risk-free interest rate and expected dividends. The assumptions used in the Company's Black-Scholes option-pricing model represent management's best estimates and involve a number of variables, uncertainties and assumptions and the application of management's judgment, as they are inherently subjective.

Advertising

Advertising costs are expensed as incurred and are included within "Selling, general and administrative expenses" in the consolidated statements of operations. Advertising expenses were $25.6 million and $49.9 million for the years ended December 31, 2018 and 2019, respectively and $7.1 million and $17.9 million for the three months ended March 31, 2019 and 2020, respectively.

Shipping and Handling

The Company's logistics costs related to transporting its used vehicle inventory primarily include third-party transportation fees. The portion of these costs related to inbound transportation from the point of acquisition to the relevant reconditioning facility is included in cost of sales when the related used vehicle is sold. Logistics costs not included in cost of sales are accounted for as costs to fulfil contracts with customers and are included in "Selling, general and administrative expenses" in the consolidated statements of operations and were $6.4 million and $14.0 million for the years ended December 31, 2018 and 2019, respectively and $2.3 million and $5.8 million for the three months ended March 31, 2019 and 2020, respectively.

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 accounts receivable, which are unsecured. The Company's cash and cash equivalents are maintained at various large 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. Concentration of credit risk with respect to accounts receivables is generally mitigated by a large customer base.

For the years ended December 31, 2018 and 2019 and the three months ended March 31, 2019 and 2020, no customer represented 10% or more of the Company's revenues or accounts receivable.

Liquidity and Management's Plan

For the years ended December 31, 2018 and 2019, the Company generated negative cash flows from operations of approximately $64.9 million and $215.6 million, respectively, and generated net losses of approximately $85.2 million and $143.0 million, respectively. For the three months ended March 31, 2019 and 2020, the Company generated negative cash flows from operations of approximately $37.9 million and $25.1 million, respectively, and generated net losses of approximately $27.1 million and $41.1 million, respectively. Since inception, the Company has had negative cash flows and losses from operations which it has funded primarily through issuances of common and preferred stock. The Company has historically funded vehicle inventory purchases through its vehicle floorplan facility (refer to Note 8 – Vehicle Floorplan Facilities). As further discussed in Note 8, the Company entered into a new vehicle floorplan facility in March 2020 which increased the borrowing capacity up to $450.0 million and extended the term through March 2021.

The COVID-19 pandemic has rapidly escalated in the United States, creating significant uncertainties and economic disruption, and leading to record levels of unemployment nationally. The Company expects that its operations will continue to be adversely impacted throughout 2020 and potentially beyond, however, the magnitude and duration of the ultimate impact is impossible to predict with certainty.

In response to the COVID-19 disruptions, the Company implemented a number of measures designed to protect the health and safety of its workforce, manage its inventory exposure, conserve liquidity and reduce its operating costs, including: furloughing approximately one-third of its workforce, reducing salaries of its executives and employees, strategically evaluating its exposure to inventory and floorplan liability and reducing its marketing expenses. The Company believes it can continue to take similar actions, to the extent needed, to further reduce its cost structure.

If the Company successfully completes its planned initial public offering, it would provide net proceeds which the Company believes will be sufficient to provide the liquidity necessary to satisfy its obligations over the next twelve months.

There can be no assurance that the Company will be able to complete its planned initial public offering and raise sufficient additional capital or take other actions that will provide it with sufficient liquidity to satisfy its obligations over the next twelve months.

In accordance with Accounting Standards Update No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40), the Company has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued. The COVID-19 pandemic described above, combined with the losses and negative cash flows from operations since inception, and the fact that management's plan to obtain additional capital has not yet been completed, have raised substantial doubt about the Company's ability to continue as a going concern.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business. Accordingly, the accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Net Loss Per Share Attributable to Common Stockholders

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. Under the two-class method, net loss is attributed to common stockholders and participating securities based on their participation rights. The Company considers all series of its redeemable convertible preferred stock to be participating securities. Under the two-class method, the net loss attributable to common stockholders is not allocated to the redeemable convertible preferred stock as the holders of the Company's redeemable convertible preferred stock do not have a contractual obligation to share in the Company's losses. Under the two-class method, basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. For periods in which the Company reports net losses, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

The accretion of the Company's redeemable convertible preferred stock (refer to Note 12) has been presented as an increase to net loss to determine net loss attributable to common stockholders.

Adoption of New Accounting Standards

The Company qualifies to be treated as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") and therefore intends to take advantage of certain exemptions from various public company reporting requirements, including delaying adoption of new or revised accounting standards until those standards apply to private companies. The Company has elected to use this extended transition period under the JOBS Act. The effective dates shown below reflect the election to use the extended transition period.

Accounting Standards Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers ("Topic 606")*, which amends the guidance on revenue recognition. Under the new standard, revenue is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services. The principles in the standard are applied using a five-step model that includes 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the performance obligations are satisfied. The standard also requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB also subsequently issued several amendments to the standard to clarify the guidance.

The guidance was effective for financial statements issued for fiscal years beginning after December 15, 2018. The Company elected to early adopt Topic 606 as of January 1, 2018 utilizing the modified retrospective approach applied only to contracts not completed as of the date of adoption. The Company recognized a net decrease to accumulated deficit of $1.7 million as January 1, 2018 due to the cumulative effect of adopting Topic 606.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The cumulative effect adjustment primarily resulted from a change in revenue recognition for sales of extended warranty contracts which are provided by a third-party and are sold by the Company on a commission basis. For these products, the Company is contractually entitled to receive profit-sharing revenues based on the performance of the extended warranty contracts once a required claims period has passed. The Company previously recognized this revenue at each reporting date based on the performance of the extended warranty contracts at such date. Under Topic 606, profit sharing revenues are recognized earlier because they represent variable consideration which the Company estimates and recognizes at the time the extended warranties are sold to the end-customer.

Topic 606 also requires the Company to make additional disclosures about the amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Refer to Note 3 – Revenue Recognition for further information on the Company's revenue recognition accounting policies.

In February 2016, the FASB issued, ASU 2016-02*, Leases (Topic 842)*, which amends the accounting guidance on leases. The new standard requires a lessee to recognize right-of-use assets and lease obligations on the balance sheet for most lease agreements. Leases are classified as either operating or finance, with classification affecting the pattern of expense recognition in the statement of operations. The FASB also subsequently issued amendments to the standard to provide additional practical expedients and an additional transition method option. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020 and early adoption is permitted.

The Company elected to early adopt Topic 842 as of January 1, 2020 using the modified retrospective approach with a cumulative-effect adjustment to opening retained earnings (accumulated deficit) with no restatement of comparative periods. Upon adoption, the Company recognized $18.4 million of operating lease liabilities and $17.4 million of operating lease right-of-use assets. The adoption of Topic 842 did not result in a cumulative effect adjustment to accumulated deficit.

Topic 842 provides various optional practical expedients for transition. The Company elected to utilize the package of practical expedients for transition which permitted the Company to not reassess its prior conclusions regarding whether a contract is or contains a lease, lease classification and initial direct costs. The Company did not elect the hindsight practical expedient to determine lease terms.

Topic 842 also provides optional practical expedients for an entity's ongoing lease accounting. The Company elected the short-term lease recognition exemption for all leases that qualify and the practical expedient to not separate lease and non-lease components of leases.

In August 2016, the FASB issued new guidance, ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which clarifies how entities should classify cash receipts and cash payments related to eight specific cash flow matters on the statement of cash flows, with the objective of reducing existing diversity in practice. The guidance was effective for financial statements issued for fiscal years beginning after December 15, 2018 and is required to be applied retrospectively. The Company early adopted the guidance on January 1, 2018 which did not have a material impact on the Company's consolidated statements of cash flows.

In November 2016, the FASB issued new guidance, ASU 2016-18, *Restricted Cash*, which requires that an entity's statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Accordingly, restricted cash and restricted cash equivalents are required to be included with cash and cash equivalents when reconciling the beginning and end of period total amounts shown on the statement of cash flows. The guidance was effective for financial statements issued for fiscal

years beginning after December 15, 2018 and is required to be applied retrospectively. The Company early adopted this guidance on January 1, 2018, and made the relevant changes, which were not material, to the Company's consolidated statements of cash flows.

In January 2017, the FASB issued new guidance, ASU 2017-01*, Business Combinations (Topic 805): Clarifying the Definition of a Business,* which changes the definition of a business to assist entities with evaluating whether transactions should be accounted for as transfers of assets or business combinations. The guidance was effective for financial statements issued for fiscal years beginning after December 15, 2018 and is required to be applied prospectively. The Company early adopted this guidance on January 1, 2018. This guidance will be applied prospectively to business combinations and did not have an impact on the Company's consolidated financial statements.

In January 2017, the FASB issued new guidance, ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill by eliminating the second step of the goodwill impairment test. Under the new guidance, an entity performs its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizes an impairment charge, if applicable, for the amount by which the carrying amount exceeds the reporting unit's fair value. The impairment charge recognized should not exceed the total amount of goodwill allocated to the reporting unit. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020 and is required to be applied prospectively. The Company early adopted this guidance on January 1, 2018 which did not have an impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* ("ASU 2018-15"). The intent of this new guidance is to align the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software as defined in ASC 350-40. Under ASU 2018-15, the capitalized implementation costs related to a cloud computing arrangement will be amortized over the term of the arrangement and all capitalized implementation amounts will be required to be presented in the same line items of the financial statements as the related hosting fees. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020. As permitted by the standard, the Company early adopted ASU 2018-15 as of January 1, 2019. The new guidance was applied prospectively to all implementation costs incurred after the date of adoption and resulted in the capitalization of $2.7 million of implementation costs, which primarily relate to the Company's hosted general ledger system. Capitalized implementation costs are included in "Other assets" in the consolidated balance sheet as of December 31, 2019 and are amortized over the terms of the arrangements, which range between 2 and 5 years. Total amortization expense for the year ended December 31, 2019 was $0.3 million and total amortization expense for the three months ended March 31, 2019 and 2020 was $0.0 million and $0.2 million, respectively.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement,* related to updated requirements over the disclosures of fair value measurements. Under ASU 2018-13, certain disclosure requirements for fair value measurements will be eliminated, modified or added to facilitate better disclosure regarding recurring and non-recurring fair value measurements. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2019, with some amendments applied prospectively, some applied retrospectively. The Company adopted the guidance on January 1, 2020 which did not have a material impact on the Company's consolidated financial statements and related disclosures.

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Accounting Standards Issued But Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial instruments, Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends the guidance on the impairment of financial instruments by requiring measurement and recognition of expected credit losses for most financial assets, including trade receivables, and other instruments that are not measured at fair value through net income. The guidance is effective for financial statements issued for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2022. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which enhances and simplifies various aspects of the income tax accounting guidance including the elimination of certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The guidance will be effective for fiscal years beginning after December 15, 2021, and interim periods in fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements and related disclosures.

3. Revenue Recognition

The Company recognizes revenue upon transfer of control of goods or services to customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company may collect sales taxes and other taxes 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.

The Company's revenue is disaggregated within the consolidated statements of operations and is generated from customers throughout the United States. The Company recognizes revenue at a point in time as described below.

Retail Vehicle Revenue

The Company sells used vehicles to its retail customers through its ecommerce platform and TDA retail location. The transaction price for used vehicles is a fixed amount as set forth within the customer contract at the time of sale. Customers frequently trade-in their existing vehicle to apply toward the transaction price of a used vehicle. Trade-in vehicles represent non-cash consideration which the Company measures at fair value based on external and internal market data for each specific vehicle. The Company satisfies its performance obligation and recognizes revenue for used vehicle sales generally at a point in time when the vehicles are delivered to the customer for ecommerce sales or picked up by the customer for TDA sales. The revenue recognized by the Company includes the agreed upon transaction price, including any delivery charges stated within the customer contract. Revenue excludes any sales taxes, title and registration fees, and other government fees that are collected from customers.

The Company receives payment for used vehicle sales directly from the customer at the time of sale or from third-party financial institutions within a short period of time following the sale if the customer obtains financing. Payments received prior to delivery or pick-up of used vehicles are recorded as "Deferred revenue" within the consolidated balance sheets.

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The Company offers a return policy for used vehicle sales and establishes a provision for estimated returns based on historical information and current trends. The reserve for estimated returns is presented gross on the consolidated balance sheets, with an asset recorded in “Prepaid expenses and other current assets” and a refund liability recorded in “Other current liabilities.”

Wholesale Vehicle Revenue

The Company sells vehicles that do not meet its retail sales criteria through third-party wholesale auctions. Vehicles sold at auction are acquired from customers who trade-in their vehicles when making a purchase from the Company and also from customers who sell their vehicles to the Company in direct-buy transactions. The transaction price for wholesale vehicles is a fixed amount that is determined at the auction. The Company satisfies it performance obligation and recognizes revenue for wholesale vehicle sales at a point in time when the vehicle is sold at auction. The transaction price is typically due and collected within a short period of time following the vehicle sales.

Product Revenue

The Company’s product revenue consists of fees earned on selling extended warranty contracts, guaranteed asset protection (“GAP”) insurance policies and tire and wheel insurance policies. The Company sells these products pursuant to arrangements with the third parties that provide these products and are responsible for their fulfillment. The Company concluded that it is an agent for these transactions because it does not control the products before they are transferred to the customer. The Company recognizes product revenues on a net basis when the customer enters into an arrangement for the products, which is typically at the time of a used vehicle sale.

Customers may enter into a retail installment sales contract to finance the purchase of used vehicles. The Company sells these contracts on a non-recourse basis to various financial institutions. The Company receives a fee from the financial institution based on the difference between the interest rate charged to the customer that purchased the used vehicle and the interest rate set by the financial institution. These fees are recognized upon sale and assignment of the installment sales contract to the financial institution, which occurs concurrently at the time of a used vehicle sale.

A portion of the fees earned on these 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 December 31, 2018 and 2019 and March 31, 2020, the Company’s reserve for chargebacks was $1.7 million, $3.3 million and $3.5 million, respectively, of which $1.3 million, $1.8 million and $2.0 million, respectively, are included within “Accrued expenses” and $0.4 million, $1.5 million and $1.5 million, respectively, are included in “Other long-term liabilities.”

The Company also is contractually entitled to receive profit-sharing revenues based on the performance of the extended warranty insurance 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 revenues in the period identified. As of December 31, 2018 and 2019 and March 31, 2020, the Company recognized $4.2 million, $6.9 million and $8.0 million, respectively, related to cumulative profit-sharing payments to which it expects to be entitled, of which $0.1 million, $0.3 million and $1.0 million, respectively, are included within “Prepaid expenses and other current assets” and $4.1 million, $6.6 million and $7.0 million, respectively, are included within “Other assets.”

Other Revenue

Other revenue primarily consists of labor and parts revenue earned by the Company for vehicle repair services at TDA.

Contract Costs

The Company has elected, as a practical expedient, to expense sales commissions when incurred because the amortization period would have been less than one year. These costs are recorded within “Selling general and administrative expenses” in the consolidated statements of operations.

4. Inventory

Inventory consisted of the following (in thousands):

	December 31, 2018	December 31, 2019	March 31, 2020 (unaudited)
Vehicles	$ 115,213	$ 203,290	$ 178,130
Parts and accessories	338	2,456	1,487
Total inventory	$ 115,551	$ 205,746	$ 179,617

As of December 31, 2018 and 2019 and March 31, 2020, “Inventory” includes an adjustment of $3.6 million, $6.3 million, and $10.7 million, respectively, to record the balances at the lower of cost or net realizable value.

5. Property and Equipment, Net

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

	December 31, 2018	December 31, 2019	March 31, 2020 (unaudited)
Equipment	$ 866	$ 930	$ 930
Furniture and fixtures	1,837	1,725	1,725
Company vehicles	1,494	1,151	1,151
Leasehold improvements	7,297	6,556	6,556
Internal-use software	1,460	4,406	6,357
Other	1,982	2,580	2,617
	14,936	17,348	19,336
Accumulated depreciation and amortization	(7,263)	(9,520)	(10,352)
Property and equipment, net	$ 7,673	$ 7,828	$ 8,984

Depreciation and amortization expense was $3.5 million and $2.8 million for the years ended December 31, 2018 and 2019, respectively, and $0.7 million and $0.9 million for the three months ended March 31, 2019 and 2020, respectively. Depreciation and amortization expense of $0.1 million was included within “Cost of sales” in the consolidated statements of operations for the years ended December 31, 2018 and 2019 and the three months ended March 31, 2019. For the three months ended March 31, 2020, depreciation and amortization expense included within “Cost of sales” was $0.0 million.

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6. Goodwill and Intangible Assets

The carrying amount of goodwill allocated to the Company's reportable segments was as follows (in thousands):

	Ecommerce	TDA	Wholesale	Total
Balance as of January 1, 2018	$ 72,231	$4,221	$ 1,720	$78,172
Change in carrying amount	—	—	—	—
Balance as of December 31, 2018	**72,231**	**4,221**	**1,720**	**78,172**
Change in carrying amount	—	—	—	—
Balance as of December 31, 2019	**72,231**	**4,221**	**1,720**	**78,172**
Change in carrying amount (unaudited)	—	—	—	—
Balance as of March 31, 2020 (unaudited)	**$ 72,231**	**$4,221**	**$ 1,720**	**$78,172**

There have been no accumulated impairment charges for goodwill.

The Company's intangible assets consisted of the following (in thousands):

	December 31, 2018		
	Gross Carrying Value	Accumulated Amortization	Carrying Value
Trademarks	$ 2,490	$ (1,481)	$ 1,009
Technology	11,500	(8,686)	2,814
Other	252	(130)	122
Total intangible assets	$14,242	$ (10,297)	$ 3,945

	December 31, 2019		
	Gross Carrying Value	Accumulated Amortization	Carrying Value
Trademarks	$ 2,490	$ (1,990)	$ 500
Technology	11,500	(11,500)	—
Other	252	(180)	72
Total intangible assets	$14,242	$ (13,670)	$ 572

	March 31, 2020 (unaudited)		
	Gross Carrying Value	Accumulated Amortization	Carrying Value
Trademarks	$ 2,490	$ (2,114)	$ 376
Technology	11,500	(11,500)	—
Other	252	(194)	58
Total intangible assets	$14,242	$ (13,808)	$ 434

Amortization expense for intangible assets was $3.4 million for each of the years ended December 31, 2018 and 2019 and $0.9 million and $0.1 million for the three months ended March 31, 2019 and 2020, respectively.

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The estimated annual amortization expense for intangible assets subsequent to December 31, 2019 consists of the following (in thousands):

Year Ending December 31:	
2020	$ 538
2021	29
2022	5
	$ 572

7. Accrued Expenses and Other Current Liabilities

The Company's accrued expenses consisted of the following (in thousands):

	December 31,		March 31,
	2018	2019	2020 (unaudited)
Accrued marketing expenses	$ 4,083	$ 3,158	$ 3,695
Vehicle related expenses	4,015	8,923	6,812
Sales taxes	2,049	7,455	10,199
Accrued compensation and benefits	2,877	3,386	3,347
Accrued professional services	1,955	2,964	2,527
Accrued Series H preferred stock issuance costs	—	5,020	—
Lease exit costs	1,375	531	—
Other	5,211	7,054	5,791
Total accrued expenses	$21,565	$38,491	$ 32,371

During the year ended December 31, 2018, the Company recorded lease exit costs of $2.6 million related to certain cost saving initiatives, which were recorded within "Selling, general and administrative expenses" in the consolidated statements of operations. The associated lease exit cost liability was $2.6 million and $0.5 million as of December 31, 2018 and 2019, respectively, of which $1.4 million and $0.5 million, respectively, were included within "Accrued expenses" and $1.2 million and $0.0 million, respectively, were included in "Other long-term liabilities."

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

	December 31,		March 31,
	2018	2019	2020 (unaudited)
Vehicle payable	$4,799	$ 8,904	$ 11,857
Other	818	2,533	3,855
Total other current liabilities	$5,617	$11,437	$ 15,712

8. Vehicle Floorplan Facilities

In March 2020, the Company entered into a new vehicle floorplan facility with Ally Bank and Ally Financial (the "2020 Vehicle Floorplan Facility"), which replaces the Company's existing vehicle floorplan facility. The 2020 Vehicle Floorplan Facility provides a committed credit line up to

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$450.0 million which expires in March 2021. The amount of credit line available is determined on a monthly basis based on a calculation that considers average outstanding borrowings and vehicle units paid off by the Company within the immediately preceding three-month period. The Company may elect to increase its monthly credit line availability by an additional $25.0 million during any three months of each year. As of March 31, 2020, the borrowing capacity of the 2020 Vehicle Floorplan Facility was $306.5 million, of which $141.3 million was unutilized.

Outstanding borrowings related to the 2020 Vehicle Floorplan Facility are due as the vehicles financed are sold, or in any event, on the maturity date. The 2020 Vehicle Floorplan Facility bears interest at a rate equal to the 1-Month LIBOR rate applicable in the immediately preceding month plus a spread of 425 basis points. The 2020 Vehicle Floorplan Facility is collateralized by the Company's vehicle inventory and certain other assets and the Company is subject to covenants that require it to maintain a certain level of equity in the vehicles that are financed, to maintain at least 10% of the outstanding borrowings in cash and cash equivalents, to maintain 10% of the monthly credit line availability on deposit with Ally Bank and to maintain a minimum tangible adjusted net worth of $167.0 million, which is defined as shareholder (deficit) equity plus redeemable convertible preferred stock as determined under US GAAP. The Company was required to pay an upfront commitment fee of $1.1 million upon execution of the 2020 Vehicle Floorplan Facility.

The Company previously entered into a vehicle floorplan (the "Vehicle Floorplan Facility") with Ally Bank and Ally Financial in April 2016, as subsequently amended. The Vehicle Floorplan Facility consisted of a revolving line of credit with a borrowing capacity of $117.0 million and $220.0 million as of December 31, 2018 and 2019, respectively, which could be used to finance the Company's vehicle inventory. For the years ended December 2018 and 2019, the Company's ability to request and obtain borrowings under the Vehicle Floorplan Facility could be terminated at the lender's discretion upon the lender providing sixty calendar days prior written notice.

Outstanding borrowings related to the Vehicle Floorplan Facility were due on demand or as the vehicles financed are sold. The Vehicle Floorplan Facility was collateralized by the Company's vehicle inventory and certain other assets of the Company and included two affirmative covenants which required the Company to maintain a certain level of equity in the vehicles that were financed and to maintain at least 10% of the outstanding borrowings in cash and cash equivalents. The interest rate on the Vehicle Floorplan Facility was equal to the 1-Month LIBOR rate applicable in the immediately preceding month plus a spread of 425 basis points and was payable on a monthly basis.

As of December 31, 2018 and 2019 and March 31, 2020, outstanding borrowings on the vehicle floorplan facilities were $95.5 million, $173.5 million and $165.2 million, respectively.

Interest expense incurred by the Company for the vehicle floorplan facilities was $4.7 million and $10.4 million for the years and December 31, 2018 and 2019, respectively, and $1.9 million and $2.7 million for the three months ended March 31, 2019 and 2020, respectively, which are recorded within "Interest expense" in the consolidated statements of operations. The weighted average interest rate on the vehicle floorplan borrowings was 6.56%, 6.00% and 5.9% as of December 31, 2018 and 2019 and March 31, 2020, respectively.

As of December 31, 2018 and 2019 and March 31, 2020, the Company was in compliance with all covenants related to the vehicle floorplan facilities.

In connection with the vehicle floorplan facilities, the Company entered into credit balance agreements with Ally Bank and Ally Financial that permits the Company to deposit cash with the bank

for the purpose of reducing the amount of interest payable for borrowings. Interest credits earned by the Company were $2.9 million and $5.1 for the years and December 31, 2018 and 2019, respectively, and $1.6 million and $1.7 million for the three months ended March 31, 2019 and 2020, respectively, which are recorded within “Interest income” in the consolidated statements of operations.

9. Long-Term Debt

Long-term debt consisted of the following (in thousands):

	December 31,		March 31,
	2018	2019	2020 (unaudited)
Term loan credit facility	$ 25,000	$ —	$ —
Other	129	316	282
Total debt	25,129	316	282
Less: current portion	(8,386)	(135)	(137)
Less: unamortized debt issuance costs	(698)	—	—
Total long-term debt, net	$ 16,045	$ 181	$ 145

Scheduled maturities of debt subsequent to December 31, 2019 are as follows (in thousands):

Year Ending December 31,	
2020	$135
2021	144
2022	37
Total	$316

Term Loan Credit Facility

On August 11, 2017 (the “Closing Date”), the Company entered into a Loan and Security Agreement with Eastward Fund Management, LLC for a term loan credit facility in an aggregate principal amount of up to $50.0 million (the “Term Loan Facility”). On the Closing Date, the Company borrowed $25.0 million of principal (the “Closing Date Advance”) and paid a $0.5 million facility fee to the lender and certain other issuance costs that were deducted from the proceeds. The Company did not request any additional borrowings under the Term Loan Facility.

In December 2019, the Company repaid in full the outstanding balance on the Term Loan Facility and recognized a loss on extinguishment of $1.0 million which is included within “Interest expense” within the consolidated statement of operations for the year ended December 31, 2019. As of December 31, 2018, the outstanding balance on the Term Loan Facility, net of unamortized debt issuance costs of $0.7 million, was $24.3 million.

The Closing Date Advance accrued interest at an annual rate of 11.73%, which was required to be paid monthly on the first business day of each month (the “Payment Date”). The final principal installment payment for the Closing Date Advance required an additional final payment equal to 3.5% of the original principal amount. The principal amount of the Closing Date Advance was required to be repaid in equal monthly installments commencing with the 19th Payment Date of the advance and ending on the 48th Payment Date of the advance.

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Mortgage payable

On June 1, 2016, the Company entered into a Commercial Real Estate Loan and Security Agreement and Promissory Note with Ally Bank (the "Ally Mortgage Payable") to borrow $6.0 million, related to a facility the Company owned in Grand Prairie, Texas. In February 2018, the Company sold the related property and repaid the outstanding principal and accrued interest which totaled $5.5 million. The Ally Mortgage Payable accrued interest at a fixed annual rate of 4.78% and principal payments of $25 thousand plus interest were due on a monthly basis beginning in July 2016.

10. 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. As of December 31, 2018 and 2019 and March 31, 2020, the Company was not a party to any legal proceedings, that individually or in the aggregate, are reasonably expected to have a material adverse effect on the Company's consolidated results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more matters could have a material adverse effect on the Company's consolidated results of operations, financial condition or cash flows.

Letters of Credit

The Company has obtained stand-by letters of credit totaling $1.9 million to satisfy conditions under two lease agreements. The Company is required to maintain a cash deposit of $1.9 million with the financial institution that issued the stand-by letter of credits, which is classified as "Restricted cash" within the consolidated balance sheets as of December 31, 2018 and 2019 and March 31, 2020, respectively.

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.

11. Leases

The Company's leasing activities primarily consists of real estate leases for its operations, including office space, the Company's reconditioning facility and its physical retail location in Houston, the Company's Sell Us Your Car centers, parking lots and other facilities. The real estate leases have terms ranging from six months to eight years. The Company also has leases for various types of equipment, which are not material, individually or in the aggregate. The Company assesses whether each lease is an operating or finance lease at the lease commencement date. The Company does not have any material leases, individually or in the aggregate, classified as a finance leasing arrangement.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company does not have any significant leases that have not yet commenced but that create significant rights and obligations for the Company.

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The Company's real estate leases often require it to make payments for maintenance in addition to rent as well as payments for real estate taxes and insurance. Maintenance, real estate taxes, and insurance payments are generally variable costs which are based on actual expenses incurred by the lessor. Therefore, these amounts are not included in the consideration of the contract when determining the right-of-use asset and lease liability but are reflected as variable lease expenses.

Leases with an initial term of 12 months or less are not recorded on the Company's consolidated balance sheet and expense for these leases are recognized on a straight-line basis over the lease term.

Options to extend or terminate leases

Certain of the Company's real estate leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years. The exercise of lease renewal options is at the Company's sole discretion. If it is reasonably certain that the Company will exercise such options, the periods covered by such options are included in the lease term and are recognized as part of the Company's right-of-use assets and lease liabilities. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Lease term and discount rate

As of March 31, 2020, the weighted-average remaining lease term and discount rate for the Company's operating leases were 4.2 years and 3.4%, excluding short-term operating leases.

As the rate implicit in the lease is generally not readily determinable for the Company's operating leases, the discount rates used to determine the present value of the Company's lease liabilities are based on the Company's incremental borrowing rate at the lease commencement date and commensurate with the remaining lease term. The incremental borrowing rate for a lease is the rate of interest the Company would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment. The Company determines its incremental borrowing rate based on a synthetic credit rating that was developed with the assistance of a third party specialist.

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Lease costs and activity

The Company's lease costs and activity for the three months ended March 31, 2020 were as follows (in thousands):

Lease Cost	Three Months Ended March 31, 2020 (unaudited)
Operating lease cost	$ 1,398
Short-term lease cost	884
Variable lease cost	529
Sublease income	(237)
Net lease cost	$ 2,574

Other information	Three Months Ended March 31, 2020 (unaudited)
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 1,427
Right-of-use assets obtained in exchange for operating lease liabilities	$ 521

Maturity of Lease Liabilities

The maturity of the Company's lease liabilities on an undiscounted cash flow basis and a reconciliation to the operating lease liabilities recognized on the Company's consolidated balance sheet as of March 31, 2020 were as follows (in thousands):

	(unaudited)
For remainder of 2020	$ 3,983
2021	5,022
2022	3,291
2023	3,138
2024	2,858
Thereafter	724
Total lease payments	19,016
Less: interest	(1,380)
Present value of lease liabilities	$ 17,636
Operating lease liabilities, current	$ 4,724
Operating lease liabilities, noncurrent	12,912
Total operating lease liabilities	$ 17,636

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Future minimum payments under non-cancelable operating leases with initial terms of one year or more consisted of the following as of December 31, 2019 in accordance with ASC Topic 840 (in thousands):

Year Ending December 31,	
2020	$ 5,509
2021	4,909
2022	3,204
2023	3,026
2024	2,746
Thereafter	699
Total future minimum lease payments	$20,093

In accordance with ASC Topic 840, rent expense was $5.7 million and $7.2 million for the years ended December 31, 2018 and 2019, respectively, and $1.5 million for the three months ended March 31, 2019. Certain of the Company's lease agreements contain escalation clauses, and accordingly, the Company records the rent expense on a straight-line basis over the lease term. Deferred rent under ASC Topic ASC 840 is recorded within "Accrued expenses" in the consolidated balance sheets.

12. Redeemable Convertible Preferred Stock and Stockholders' Deficit

Redeemable Convertible Preferred Stock

The Company has eight outstanding series of redeemable convertible preferred stock (collectively the "Series Preferred"). The authorized, issued and outstanding shares, issue price, conversion price, liquidation preference, and carrying value of the Series Preferred were as follows:

	As of December 31, 2018 (in thousands, except share and per share amounts)					
	Shares authorized	Shares issued and outstanding	Issue price	Per share conversion price	Liquidation preference	Carrying value
Series A	1,991,998	1,991,998	$ 3.22	$ 3.22	$ 6,419	$ 6,167
Series B	2,358,242	2,358,242	4.97	4.97	11,709	29,478
Series C	4,567,121	4,567,121	11.87	11.87	54,209	68,004
Series D	7,215,568	7,215,568	13.17	13.17	95,000	111,481
Series E	3,081,896	3,081,896	16.22	16.22	50,000	52,269
Series F	6,352,790	6,057,805	17.06	17.06	103,346	105,588
Series G	9,748,777	8,140,020	17.95	17.95	146,113	146,113
	35,316,392	33,412,650			$ 466,796	$ 519,100

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	As of December 31, 2019 (in thousands, except share and per share amounts)					
	Shares authorized	Shares issued and outstanding	Issue price	Per share conversion price	Liquidation preference	Carrying value
Series A	1,991,998	1,991,998	$ 3.22	$ 3.22	$ 6,419	$ 6,167
Series B	2,358,242	2,358,242	4.97	4.97	11,709	42,425
Series C	4,567,121	4,567,121	11.87	11.87	54,209	88,739
Series D	7,215,568	7,215,568	13.17	13.17	95,000	142,724
Series E	3,081,896	3,081,896	16.22	16.22	50,000	64,042
Series F	6,352,790	6,057,805	17.06	17.06	103,346	127,820
Series G	8,140,020	8,140,020	17.95	17.95	146,113	174,764
Series H	9,354,047	8,371,664	27.19	27.19	227,651	227,651
	43,061,682	41,784,314			$ 694,447	$ 874,332

	As of March 31, 2020 (in thousands, except share and per share amounts) (unaudited)					
	Shares authorized	Shares issued and outstanding	Issue price	Per share conversion price	Liquidation preference	Carrying value
Series A	1,991,998	1,991,998	$ 3.22	$ 3.22	$ 6,419	$ 6,167
Series B	2,358,242	2,358,242	4.97	4.97	11,709	42,425
Series C	4,567,121	4,567,121	11.87	11.87	54,209	88,739
Series D	7,215,568	7,215,568	13.17	13.17	95,000	142,724
Series E	3,081,896	3,081,896	16.22	16.22	50,000	64,042
Series F	6,352,790	6,057,805	17.06	17.06	103,346	127,820
Series G	8,140,020	8,140,020	17.95	17.95	146,113	174,764
Series H	9,354,047	9,354,047	27.19	27.19	254,365	254,365
	43,061,682	42,766,697			$ 721,161	$ 901,046

During the years ended December 31, 2018 and 2019, the Company amended its Amended and Restated Certificate of Incorporation (the “COI”) to authorize the issuance of up to 9,748,777 shares of a new Series G Preferred Stock and up to 9,354,047 shares of a new Series H Preferred Stock, respectively. Pursuant to stock purchase agreements entered into with certain accredited investors, the Company sold and issued an aggregate of 8,140,020 shares of Series G Preferred Stock and 8,371,664 shares of Series H Preferred Stock, in exchange for gross proceeds of $146.1 million and $227.7 million during the years ended December 31, 2018 and 2019, respectively. The proceeds were used for general corporate purposes and business development. The Company incurred issuance costs of $0.2 million and $5.2 million during the years ended December 31, 2018 and 2019, respectively, in connection with the issuance of the Series G and Series H Preferred Stock.

On January 8, 2020, the Company completed an additional closing of its Series H Preferred Stock whereby it sold and issued an aggregate of 982,383 shares of Series H Preferred Stock in exchange for gross proceeds of $26.7 million. The proceeds will be used for general corporate purposes and business development.

The Company classifies its Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock (collectively the “Senior Preferred Stock”) as temporary equity within the

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Company's consolidated balance sheets because the instruments contain redemption rights. In accordance with ASC 480, *Distinguishing Liabilities from Equity*, the Company adjusts the carrying values of the Senior Preferred Stock to their redemption values at the end of each reporting period if the instruments are considered probable of becoming redeemable. The carrying values of the Senior Preferred Stock are not adjusted below their initial carrying values.

The Company concluded that the Senior Preferred Stock were considered probable of becoming redeemable through November 2019 and therefore recorded accretion to their redemption values of $13.0 million and $132.8 million during the years ended December 31, 2018 and 2019, respectively and $18.0 million during the three months ended March 31, 2019. During December 2019, the Company assessed that the Senior Preferred Stock are no longer probable of becoming redeemable due to a sufficiently high likelihood of an initial public offering requiring a conversion of the Preferred Stock into common stock and as a result the Company ceased accretion of the Senior Preferred Stock to their redemption values.

The Company classifies its Series A Preferred Stock as temporary equity within the Company's consolidated balance sheets because the instrument contains liquidation features, including a liquidation preference in the event of a deemed liquidation event, that are not solely within the Company's control. The Company does not adjust the carrying value of the Series A Preferred Stock to its redemption value because it is not probable that the Series A Preferred Stock will become redeemable.

The characteristics of the Series Preferred are as follows:

Voting

The holders of each share of the Series Preferred are entitled to one vote for each share of common stock into which such preferred stock is convertible at the time of the vote, subject to certain preferred stock class votes specified in the Company's COI or as required by law. The holders of the Series Preferred and the Company's common stock currently have the right to elect the Company's Board of Directors (the "Board") as follows:

(a) two directors elected by the holders of the Series B Preferred Stock, voting as a separate class,

(b) two directors elected by the holders of the Series C Preferred Stock, voting as a separate class,

(c) one director elected by the holders of the Series D Preferred Stock, voting as a separate class,

(d) one director elected by the holders of the Series G Preferred Stock, voting as a separate class; and

(e) all remaining directors elected by the holders of the Series Preferred and common stock, voting together as a single class on an as-if-converted to common stock basis.

Dividends

The holders of each share of the Senior Preferred Stock, in preference to the holders of the Series A Preferred Stock and common stock, are entitled to receive dividends if and when declared by the Board, pari passu with the holders of each series of the Senior Preferred Stock. The holders of each share of the Series A Preferred Stock are entitled to receive dividends in preference to the holders of common stock.

As of March 31, 2020, no dividends have been declared or paid to the Company's stockholders.

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Conversion

Each share of the Series Preferred is convertible into common stock, at any time, at its holder's discretion, at the conversion price then in effect. The conversion price for each of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock is initially $3.22, $4.97, $11.87, $13.17, $16.22, $17.06, $17.95 and $27.19 per share, respectively (each subject to adjustments upon the occurrence of certain dilutive events).

All outstanding shares of the Series Preferred shall be automatically converted into common stock upon the consummation of a firm-commitment underwritten initial public offering of not less than $75.0 million of gross proceeds and at a price of at least $29.67 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the common stock) (a "Qualified IPO").

All outstanding shares of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock and Series G Preferred Stock shall be automatically converted into common stock upon the date and time, or the occurrence of an event, specified by vote or written consent of (i) at least a majority of the outstanding shares of Series B Preferred Stock (a "Series B Majority") and (ii) the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock, voting as a single class, and the holders of at least sixty percent (60.0%) of the outstanding shares of Series D Preferred Stock, voting as a single class (the vote of each of the Series C and Series D Preferred Stock being referred to as the "Required Vote").

All outstanding shares of the Series H Preferred Stock shall be automatically converted into common stock upon the date and time, or the occurrence of an event, specified by vote or written consent of at least a majority of the outstanding shares of Series H Preferred Stock (a "Series H Vote").

Liquidation Preference

In the event of a liquidation, dissolution or winding up of the Company, either voluntary or involuntary, or in the event of a deemed liquidation event, which is defined in the COI to include a change of control, holders of the Senior Preferred Stock are entitled to receive, in preference to the holders of Series A Preferred Stock or common stock, an amount equal to the greater of (a) the respective series of Preferred Stock's original issue price, plus any declared and unpaid dividends and (b) the amount the holders would receive had they converted into common stock immediately prior to the liquidation event (such greater amount, the "Liquidation Amount"). If upon the occurrence of such event, the assets and funds available for distribution are insufficient to pay the holders of the Senior Preferred Stock the full amount to which they are entitled, then the entire funds and assets legally available for distribution shall be distributed ratably among the holders of the Senior Preferred Stock in proportion to the full amounts to which they would otherwise be entitled.

After payment in full of the Liquidation Amount to the holders of Senior Preferred Stock, holders of Series A Preferred Stock are entitled to receive, in preference to all holders of common stock, an amount equal to the greater of (i) the original issue price of the Series A Preferred Stock, plus any declared and unpaid dividends and (ii) the amount the holders of Series A Preferred Stock would receive had they converted into common stock immediately prior to the liquidation event. If upon the occurrence of such event, the assets and funds available for distribution are insufficient to pay such

holders the full amount to which they are entitled, then the entire remaining assets and funds legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the full amounts to which they would otherwise be entitled.

After payment in full of the liquidation preferences of the Series Preferred, any remaining assets shall be distributed ratably to the holders of common stock.

Redemption

Prior to November 2019, a Series B Majority could have required the Company to redeem all outstanding shares of the Series B Preferred Stock at any time on or after November 12, 2020. In the event of such Series B redemption request, each of the holders of Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock and Series G Preferred Stock could have also requested redemption of all of such holder's shares of Series C, Series D, Series E, Series F and Series G Preferred Stock ("tag along rights"). In connection with the Company's issuance of Series H Preferred Stock, such Series B redemption rights and associated tag along rights of other preferred stockholders was eliminated.

If the Company does not consummate a Qualified IPO or a deemed liquidation event (as defined in the COI) on or prior December 22, 2022, a majority of the holders of Series C Preferred Stock, Series D Preferred Stock, and Series E Preferred Stock then outstanding, voting together as a single class on an as-converted basis (the "Series C—E Majority"), may require (at any time from and after December 22, 2022 and provided a minimum number of Series C through H preferred shares are outstanding as specified in the COI) the Company to redeem all outstanding shares of Series C through H Preferred Stock held by such Series C—E Majority. The redemption price is defined as the greater of the Liquidation Amount of the respective series of Preferred Stock and the respective fair market value of each series of Preferred Stock at the time of redemption determined in accordance with the COI. In the event of a redemption by the Series C—E Majority, each other holder of Series C through Series H Preferred Stock may require the Company to redeem, on a pari passu basis, all of such holder's shares of Series C through Series H Preferred Stock at the same redemption price.

Common Stock

On October 19, 2018 and December 5, 2019, the Company amended and restated the COI to increase the shares of common stock authorized for issuance to 46,476,600 and 56,721,927, respectively. Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders.

Warrants

In connection with the offering of shares of Series B Preferred Stock, the Company issued warrants to an investor in return for providing ongoing advisory services ("Series B Warrants"). The Series B Warrants allow the investor to purchase up to 80,568 shares of common stock with an exercise price of $1.44 per share. The Series B Warrants vested in equal monthly installments through October 1, 2017. The Series B Warrants expire upon the earlier of (i) November 12, 2024, (ii) the time immediately prior to the consummation of an initial public offering of the Company, and (iii) the time immediately prior to the consummation of a deemed liquidation event.

In connection with the Term Loan Facility, the Company issued a warrant (the "Series F Preferred Stock Warrant") in August 2017 which allows the lender to purchase 294,985 shares of the Company's

Series F Preferred Stock with an exercise price of $17.06 per share. The warrant expires at the earlier of (i) August 11, 2027 and (ii) the third anniversary of an initial public offering. The fair value of the warrant on the issuance date was recorded as debt issuance costs for the Term Loan Facility with a corresponding amount recorded to "Other long-term liabilities" in the consolidated balance sheets. The warrant is classified as a liability due to the contingent redemption features in the underlying preferred stock and is measured at fair value at each reporting date. As of December 31, 2018 and 2019 and March 31, 2020, the estimated fair value of the Series F Preferred Stock Warrant was $0.6 million, $1.4 million and $0.6 million, respectively.

13. Stock-based Compensation

On November 12, 2014, the Company adopted the 2014 Equity Incentive Plan ("the Plan"), which authorized the issuance of up to 1,603,731 shares of common stock to employees, directors, and consultants of the Company, in the form of restricted stock, stock appreciation rights, and stock options. On September 20, 2016 and November 21, 2019, the Plan was amended to increase the number of authorized shares of common stock available for issuance to 6,231,730 and 8,731,730, respectively. As of December 31, 2019, there were 2,564,539 shares available for future issuance under the Plan.

The amount and terms of grants under the Plan are determined by the Board. The stock options granted under the Plan generally expire within 10 years from the date of grant and generally vest over 4 years, at the rate of 25% on each first anniversary of the date of grant subject to continued service.

Stock Options

The following table summarizes stock option activity for the years ended December 31, 2018 and 2019 and three months ended March 31, 2020:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding as of January 1, 2018	2,041,641	$ 6.93	8.57
Exercised	(6,251)	7.42	
Forfeited / cancelled	(554,886)	7.03	
Outstanding as of December 31, 2018	1,480,504	$ 6.89	7.47
Granted	1,751,225	8.62	
Exercised	(67,975)	6.83	
Forfeited / cancelled	(108,754)	7.11	
Outstanding as of December 31, 2019	3,055,000	$ 7.89	8.28
Granted (unaudited)	210,250	20.92	
Exercised (unaudited)	(1,387)	8.42	
Forfeited / cancelled (unaudited)	(164,525)	8.61	
Outstanding as of March 31, 2020 (unaudited)	3,099,338	$ 8.73	8.10
Vested and exercisable as of December 31, 2018	715,839	$ 6.85	7.47
Vested and exercisable as of December 31, 2019	1,232,705	$ 7.19	7.45
Vested and exercisable as of March 31, 2020 (unaudited)	1,415,937	$ 7.35	7.42

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The Company recognized $1.0 million and $2.6 million of stock-based compensation expense related to stock options during the years ended December 31, 2018 and 2019, respectively and $0.8 million and $0.6 million for the three months ended March 31, 2019 and 2020, respectively. As of December 31, 2018 and 2019 and March 31, 2020, the Company had $1.9 million, $5.2 million, and $5.4 million, respectively, of unrecognized stock-based compensation expense that is expected to be recognized over a weighted-average period of 1.7 years, 2.6 years, and 2.8 years, respectively.

The Company estimates the fair value of stock options on the date of the grant using the Black-Scholes option pricing model. Each of the Black-Scholes inputs generally require significant judgment, including the assumptions discussed below.

- Given the absence of a publicly trading market, the Board considered various subjective factors to determine the fair value of the Company's common stock at each meeting at which awards were approved. These factors include, but are not limited to, contemporaneous third-party valuations of its common stock, the lack of marketability of common stock and the likelihood of achieving a liquidity event such as an IPO or sale of the Company.
- The expected term represents the period that the Company's stock options are expected to be outstanding and is determined based on the "simplified" method, as prescribed in SEC Staff Accounting Bulletin (SAB) No. 107.
- The risk-free interest rate is based on the interest rate payable on the U.S. Treasury securities with an equivalent expected term of the options.
- The Company determines the price volatility factor based on the historical volatilities of several publicly listed peer companies as the Company does not have trading history for its common stock.
- The expected dividend yield assumption is based on the Company's current expectations about its anticipated dividend policy.

There were no stock options granted during the year ended December 31, 2018. The grant date fair value of stock options granted during the year ended December 31, 2019 and the three months ended March 31, 2020 were estimated at the time of grant using the Black-Scholes option-pricing model and utilized the following weighted average assumptions:

	Year Ended December 31, 2019	Three Months Ended March 31, 2020 (unaudited)
Fair value of common stock (per share)	$8.42 — $10.89	$20.92
Expected term (in years)	6.1	5.9 — 6.3
Risk-free interest rate	1.5% — 2.5%	1.7%
Expected volatility	36.3% — 36.9%	36.3% — 36.6%
Dividend yield	— %	— %

The weighted average fair value of stock options granted during the year ended December 31, 2019 and the three months ended March 31, 2020 were estimated to be $3.41 per share and $7.94 per share, respectively.

The aggregate intrinsic value of options exercised during the year ended December 31, 2018 was immaterial, and the aggregate intrinsic value of options outstanding and options exercisable as of

December 31, 2018 was $2.3 million and $1.1 million, respectively. The aggregate intrinsic value of options exercised during the year ended December 31, 2019 was $0.2 million, and the aggregate intrinsic value of options outstanding and options exercisable as of December 31, 2019 was $39.9 million and $16.9 million, respectively. The aggregate intrinsic value of options exercised during the three months ended March 31, 2020 was immaterial, and the aggregate intrinsic value of options outstanding and options exercisable as of March 31, 2020 was $44.8 million and $22.4 million, respectively.

RSUs

In December 2016, the Company granted 50,000 restricted stock units (RSUs) which cliff vest on the earlier of June 6, 2020 or a liquidity event, which includes a change in control, initial public offering, or dissolution of the Company. For each of the years ended December 31, 2018 and 2019, the Company recognized $0.1 million of stock-based compensation expense related to these RSUs. As of December 31, 2019 and March 31, 2020, there were 50,000 unvested RSUs outstanding which have an immaterial amount of unrecognized stock-based compensation.

In March 2019, the Company granted 154,000 RSUs to certain key management that vest upon continuous service periods ranging from 12 to 36-months and the achievement of a liquidity event, which includes a change of control or an initial public offering. The fair value of the RSUs were determined to be $8.42 per share based on the estimated fair value the Company's common stock on the grant date. The Company will commence recognition of compensation expense upon the occurrence of a qualifying liquidity event. Accordingly, no stock-based compensation expense was recorded for these RSUs for the year ended December 31, 2019 and the three months ended March 31, 2019 and 2020. As of December 31, 2019 and March 31, 2020, there were 154,000 unvested RSUs outstanding which have $1.3 million of unrecognized stock-based compensation.

In February 2020, the Company granted 108,495 RSUs to certain key management that vest upon continuous service periods ranging from 18 to 48-months and the achievement of a liquidity event, which includes a change of control or an initial public offering. The fair value of the RSUs were determined to be $20.92 per share based on the estimated fair value the Company's common stock on the grant date. The Company will commence recognition of compensation expense upon the occurrence of a qualifying liquidity event. Accordingly, no stock-based compensation expense was recorded for these RSUs for the three months ended March 31, 2020. As of March 31, 2020, there were 101,139 unvested RSUs outstanding which have $2.1 million of unrecognized stock-based compensation.

In February 2020, the Company granted 183,891 RSUs to its chief executive officer that vest upon the achievement of performance-based conditions, which includes Revenue and EBITDA targets, and the achievement of a liquidity event, which includes a change of control or an initial public offering. The fair value of the RSUs were determined to be $20.92 per share based on the estimated fair value the Company's common stock on the grant date. The Company will commence recognition of compensation expense upon the occurrence of a qualifying liquidity event. Accordingly, no stock-based compensation expense was recorded for these RSUs for the three months ended March 31, 2020. As of March 31, 2020, there were 183,891 unvested RSUs outstanding which have $3.8 million of unrecognized stock-based compensation.

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

RSAs

During the years ended December 31, 2014 and 2015, the Board approved the grant of 2,375,937 shares of restricted common stock awards (the "RSAs"). As of December 31, 2019 and March 31, 2020, 2,239,503 shares are fully vested and 136,434 shares remain subject to repurchase, at the Company's option, until the earlier of (i) the 10-year anniversary from original issuance, and (ii) a liquidity event such as a change in control, initial public offering, or dissolution of the Company. Certain of the RSAs also contain a market condition as portions of the repurchase right expire based on the Company achieving specific returns for the Series B preferred stockholders at the time of the liquidity event. The repurchase, if elected, would be at the estimated fair value of Company's common stock on the grant date. The repurchase right is deemed to be an in-substance service period for awards that also contain performance conditions. The liquidity events are not probable until they occur and the Company will record unrecognized compensation expense at the time of a liquidity event if such event were to occur.

Holders of the RSAs have the ability to early exercise the awards prior to vesting and the Company has the right to repurchase early exercised restricted stock without transferring any appreciation to the employee if the employee terminates employment before the end of the original vesting period.

The RSAs were issued to certain directors and employees of the Company in exchange for recourse promissory notes with the aggregate price of the underlying shares as the principal amount. The Company deemed all such recourse promissory notes to be non-substantive in nature and therefore the notes are not reflected in the Company's consolidated balance sheets. Rather, the note issuances and the share purchases are accounted for as share option grants. The Company recognizes proceeds from the repayment of the promissory notes as a liability until the repurchase features expire.

The following table summarizes the activity related to the Company's RSAs for the years ended December 31, 2018 and 2019 and the three months ended March 31, 2020:

	Shares
Unvested at January 1, 2018	222,129
Vested	(67,309)
Unvested at December 31, 2018	154,820
Vested	(18,386)
Unvested at December 31, 2019	136,434
Vested (unaudited)	—
Unvested at March 31, 2020 (unaudited)	136,434

For the year ended December 31, 2018, the Company recognized $0.1 million of stock-based compensation expense related to the RSAs. For the year ended December 31, 2019, the expense related to the RSA's was immaterial. As of December 31, 2019 and March 31, 2020, the Company has $0.2 million of unrecognized stock-based compensation expense related to the RSAs which will be recognized upon completion of a liquidity event.

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

	As of December 31, 2018			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Financial Assets				
Cash and cash equivalents:				
Money market funds	$72,586	$ —	$ —	$72,586
Total financial assets	$72,586	$ —	$ —	$72,586
Financial Liabilities				
Other long-term liabilities:				
Series F Preferred Stock Warrant	—	—	634	634
Total financial liabilities	$ —	$ —	$ 634	$ 634

	As of December 31, 2019			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Financial Assets				
Cash and cash equivalents:				
Money market funds	$70,059	$ —	$ —	$ —
Total financial assets	$70,059	$ —	$ —	$ —
Financial Liabilities				
Other long-term liabilities:				
Series F Preferred Stock Warrant	—	—	1,403	1,403
Total financial liabilities	$ —	$ —	$ 1,403	$ 1,403

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	As of March 31, 2020			
	Level 1	Level 2	Level 3	Total
		(in thousands) (unaudited)		
Financial Assets				
Cash and cash equivalents:				
Money market funds	$40,021	$ —	$ —	$ —
Total financial assets	$40,021	$ —	$ —	$ —
Financial Liabilities				
Other long-term liabilities:				
Series F Preferred Stock Warrant	—	—	613	613
Total financial liabilities	$ —	$ —	$ 613	$ 613

The following table presents a reconciliation of the Series F Preferred Stock Warrant, which is measured at fair value using Level 3 inputs:

	Series F Preferred Stock Warrant
	(in thousands)
Balance as of January 1, 2018	$ 460
Change in fair value	174
Balance as of December 31, 2018	$ 634
Change in fair value	769
Balance as of December 31, 2019	$ 1,403
Change in fair value (unaudited)	(790)
Balance as of March 31, 2020 (unaudited)	$ 613

The change in fair value of the Series F Preferred Stock Warrant is recorded in “Other (income) expense, net” in the consolidated statements of operations. The Company estimates the fair value of the Series F Preferred Stock Warrant based on the Black-Scholes option-pricing model which utilizes the value of shares sold in the Company’s latest preferred stock financing and allocates the estimated equity value of the Company to each class of the Company’s outstanding securities using an option-pricing back-solve model.

Fair Value of Financial Instruments

The carrying amounts of restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature. The carrying value of the Vehicle Floorplan Facility 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.

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The Term Loan Facility was repaid in full in December 2019. The fair value of the Term Loan Facility as of December 31, 2018, which was not carried at fair value on the consolidated balance sheets, was determined using Level 2 inputs. The carrying value and fair value of the Term Loan Facility as of December 31, 2018 were as follows:

	December 31, 2018 (in thousands)
Carrying value, net of unamortized debt issuance costs	$ 24,302
Fair value	$ 25,045

15. Segment Information

The Company has three reportable segments: Ecommerce, TDA, and Wholesale. 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 revenue and gross profit for each of the reportable segments. Gross profit is defined as revenue less cost of sales 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 December 31, 2018 and 2019 and March 31, 2020, the Company did not have any assets located outside of the United States.

The Ecommerce reportable segment represents retail sales of used vehicles through the Company's ecommerce platform and fees earned on sales of value-added products associated with those vehicle sales. The TDA reportable segment represents retail sales of used vehicles from TDA and fees earned on sales of value-added products associated with those vehicle sales. The Wholesale reportable segment represents sales of used vehicles through wholesale auctions.

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

	Year Ended December 31, 2018			
	Ecommerce	TDA	Wholesale	Consolidated
Revenues from external customers	$ 301,172	$ 379,743	$ 174,514	$ 855,429
Gross profit	$ 22,425	$ 35,125	$ 3,257	$ 60,807

	Year Ended December 31, 2019			
	Ecommerce	TDA	Wholesale	Consolidated
Revenues from external customers	$ 588,114	$ 390,243	$ 213,464	$ 1,191,821
Gross profit	$ 32,127	$ 25,392	$ 340	$ 57,859

	Three Months Ended March 31, 2019 (unaudited)			
	Ecommerce	TDA	Wholesale	Consolidated
Revenues from external customers	$ 89,855	$93,085	$ 52,119	$ 235,059
Gross profit	$ 5,754	$ 6,077	$ 181	$ 12,012

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	Three Months Ended March 31, 2020 (unaudited)			
	Ecommerce	TDA	Wholesale	Consolidated
Revenues from external customers	$ 233,172	$87,022	$ 55,578	$ 375,772
Gross profit	$ 14,267	$ 5,412	$ (1,292)	$ 18,387

The reconciliation between reportable segment gross profit to consolidated loss before provision for income taxes is as follows (in thousands):

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
Segment gross profit	$ 60,807	$ 57,859	$ 12,012	$ 18,387
Selling, general and administrative expenses	133,842	184,988	36,583	58,380
Depreciation and amortization	6,857	6,019	1,533	966
Interest expense	8,513	14,596	2,718	2,826
Interest Income	(3,135)	(5,607)	(1,849)	(1,956)
Other (income) expense, net	(321)	673	63	(823)
Loss before provision for income taxes	$ (84,949)	$(142,810)	$(27,036)	$(41,006)

16. Income Taxes

The components of the provision for income taxes are as follows for the years ended December 31, 2018 and 2019:

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Current:		
Federal	$ —	$ —
State and local	229	168
Total current tax expense	229	168
Deferred tax (benefit):		
Federal	—	—
State and local	—	—
Total deferred tax (benefit)	—	—
Provision for income taxes	$ 229	$ 168

The provision for income taxes of $0.2 million for each of the years ended December 31, 2018 and 2019 is due to the state tax ramifications of the Company's operations. The provision for income taxes for the three months ended March 31, 2019 and 2020 was immaterial.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of the provision for income taxes at the statutory rate to the amount reflected in the consolidated statements of operations is as follows:

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Income taxes at statutory rate	$(17,839)	$(29,990)
State income taxes, net of federal benefit	180	125
Permanent differences	229	772
Change in valuation allowance	17,756	30,051
Other	(97)	(790)
Provision for income taxes	$ 229	$ 168

Significant components of the Company's deferred tax assets and liabilities are as follows:

	As of December 31,	
	2018	2019
	(in thousands)	
Deferred income tax assets:		
Net operating loss carryforwards	$ 41,510	$ 66,879
Inventory reserves	3,899	5,911
Stock-based compensation	719	840
Accrued Expense	—	867
Depreciation	—	114
Other	98	596
Total deferred tax assets	46,226	75,207
Less: valuation allowance	(44,906)	(74,959)
Net deferred tax assets	1,320	248
Deferred tax liabilities:		
Intangible amortization	(866)	(248)
Depreciation	(454)	—
Net deferred tax liabilities	(1,320)	(248)
Net deferred income taxes	$ —	$ —

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that certain deferred tax assets will not 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 as of December 31, 2018 and December 31, 2019, respectively, because the Company has determined that is it 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 is in a cumulative loss position.

As of December 31, 2019, the Company has net operating loss carryforwards for U.S. federal income tax purposes of $126.2 million, which expire from 2034 through 2037 and $186.6 million, which do not expire. The Company has net operating loss carryforwards for state income tax purposes of $22.3 million, which expire from 2034 through 2039.

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 three ownership changes. There was a change in each of July 2013, November 2014 and July 2015 which substantially limit the use of the NOLs generated before the change in control. The Company has not identified any uncertain tax positions as of December 31, 2018 and 2019.

Tax Cuts and Jobs Act

On December 22, 2017, the U.S. federal income tax reform legislation known as the Tax Cuts and Jobs Act ("TCJA") was signed into law. The TCJA resulted in fundamental changes to the Internal Revenue Code of 1986, as amended. The TCJA, among other things, includes changes to U.S. federal tax rates, additional limitations on the deductibility of interest, and allows for the expensing of capital expenditures. There was no material impact to the Company's effective tax rate due to the full valuation allowance position. The Company's net deferred tax assets and liabilities were revalued at the newly enacted U.S. corporate rate and the impact of the reduced corporate rate was fully offset by a reduction in the valuation allowance.

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)	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
Net loss	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Accretion of redeemable convertible preferred stock	(13,036)	(132,750)	(17,964)	—
Net loss attributable to common stockholders	$ (98,214)	$ (275,728)	$ (45,103)	$ (41,059)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	4,270,389	4,302,981	4,289,415	4,235,728
Net loss per share attributable to common stockholders, basic and diluted	$ (23.00)	$ (64.08)	$ (10.51)	$ (9.69)

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
			(unaudited)	
Redeemable convertible preferred stock	33,412,650	41,784,314	33,412,650	42,766,697
Warrants	80,568	80,568	80,568	80,568
Stock options	1,480,504	3,055,000	2,860,504	3,099,338
Restricted stock awards	1,936,607	1,624,691	1,936,607	1,624,691
Restricted stock units	50,000	204,000	204,000	489,030
Total	36,960,329	46,748,573	38,494,329	48,060,324

Unaudited Pro Forma Net Loss Per Share

The unaudited pro forma basic and diluted net loss per share attributable to common stockholders has been computed to give effect to the assumed automatic conversion of the Company's redeemable convertible preferred stock into shares of common stock using the if converted method upon the completion of a qualifying IPO as though the conversion had occurred as of the beginning of the period.

The following table sets forth the computation of the Company's unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2018	2019	2019	2020
(in thousands, except share and per share amounts)		(unaudited)	(unaudited)	
Numerator:				
Net loss attributable to common stockholders	$ (98,214)	$ (275,728)	$ (45,103)	$ (41,059)
Accretion of redeemable convertible preferred stock	13,036	132,750	17,964	—
Pro forma net loss per share attributable to common stockholders	$ (85,178)	$ (142,978)	$ (27,139)	$ (41,059)
Denominator:				
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	4,270,389	4,302,981	4,289,415	4,235,728
Pro forma adjustment to reflect assumed conversion of redeemable convertible preferred stock		41,784,314		42,766,697
Weighted-average shares used in computing pro forma net loss per share, basic and diluted		46,087,295		47,002,425
Pro forma net loss per share, basic and diluted		$ (3.10)		$ (0.87)

VROOM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Related Party Transactions

Management Services Agreement

In July 2015, the Company entered into a management services agreement ("MSA") with Catterton Management Company, L.L.C. ("Catterton Management"), an affiliate of L Catterton ("Catterton"), a holder of more than 5% of the Company's outstanding capital stock, pursuant to which Catterton Management agreed to provide consulting services on certain business and financial matters. Under the MSA, the Company pays Catterton Management an annual fee of $0.3 million until the expiration of the MSA upon the earlier of (i) termination by mutual consent of the parties and (ii) such time that Catterton and/or its affiliates cease to be one of the Company's stockholders. For the years ended December 31, 2018, 2019 and 2020, payments of the annual fees were waived.

AutoNation Reconditioning Agreement

In January 2019, the Company entered into a vendor agreement ("Vendor Agreement") with AutoNation, Inc. ("AutoNation"), an affiliate of Auto Holdings, Inc., a holder of more than 5% of the Company's outstanding capital stock, pursuant to which AutoNation will provide certain reconditioning and repair services of vehicles owned by the Company. Amounts due under the Vendor Agreement for parts supplied and services performed by AutoNation become due and payable as they accrue. The Vendor Agreement may be terminated by either party (i) upon five days' written notice, in case of a material breach of the agreement or (ii) upon 30 days' written notice with or without cause. For the year ended December 31, 2019, the Company incurred $1.1 million of costs under the Vendor Agreement. For the three months ended March 31, 2019 and 2020, the Company incurred $0.0 million and $0.1 million of costs, respectively. The Vendor Agreement was terminated in February 2020.

19. Subsequent Events

The Company has evaluated subsequent events through March 12, 2020, the date that these consolidated financial statements were available to be issued and through May 12, 2020 with respect to the matters discussed in Note 2 under Liquidity and Management's Plan.

Subsequent Events (unaudited)

The Company evaluated all subsequent events through May 18, 2020, the date the consolidated financial statements as of and for each of the two years in the periods ended December 31, 2018 and 2019 were available to be reissued and the date the unaudited interim consolidated financial statements as of March 31, 2020 and for the three months ended March 31, 2019 and 2020 were available to be reissued.

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PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other expenses of issuance and distribution.

The following table sets forth all fees and expenses, other than the underwriting discount, payable solely by Vroom, Inc. in connection with the offer and sale of the securities being registered. All amounts shown are estimated except for the SEC registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the exchange listing fee.

	Amount to be paid
SEC registration fee	$ *
FINRA filing fee	*
Exchange listing fee	*
Accounting fees and expenses	*
Legal fees and expenses	*
Printing expenses	*
Transfer agent and registrar fees	*
Miscellaneous expenses	*
Total	**$ ***

* To be completed by amendment.

Item 14. Indemnification of directors and officers.

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. We expect to adopt an amended and restated certificate of incorporation, which will become effective upon the consummation of this offering, and which will provide that none of our directors shall be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he or she was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication

of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Upon consummation of this offering, our amended and restated certificate of incorporation and amended and restated bylaws will provide indemnification for our directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware, subject to certain limited exceptions. We will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an “Indemnitee”), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our amended and restated certificate of incorporation and amended and restated bylaws will provide that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys’ fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys’ fees) actually and reasonably incurred in connection therewith. Expenses must be advanced to an Indemnitee under certain circumstances.

Prior the consummation of this offering, we intend to enter into separate indemnification agreements with each of our directors and our executive officers. Each indemnification agreement will provide, among other things, for indemnification to the fullest extent permitted by law and our amended and restated certificate of incorporation and amended and restated bylaws against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements will provide for the advancement or payment of all expenses to the indemnitee and for the reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our amended and restated certificate of incorporation and amended and restated bylaws.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors,

our officers and persons who control us within the meaning of the Securities Act Securities Act against certain liabilities.

Item 15. Recent sales of unregistered securities.

During the past three years, we issued the following securities which that were not registered under the Securities Act:

Sales of Preferred Stock

From June 2017 to December 2017, we sold an aggregate of 6,057,805 shares of our Series F Preferred Stock to 64 accredited investors at a purchase price of $17.05763 per share for an aggregate purchase price of approximately $103.3 million.

From August 2018 to December 2018, we sold an aggregate of 8,140,020 shares of our Series G Preferred Stock to 46 accredited investors at a purchase price of $17.95097 per share for an aggregate purchase price of approximately $146.1 million.

From November 2019 to January 2020, we sold an aggregate of 9,354,047 shares of our Series H preferred stock to 46 accredited investors at a purchase price of $27.19305 per share for an aggregate purchase price of approximately $254.4 million.

Warrants

In August 2017, we issued a warrant to purchase up to an aggregate of 294,985 shares of our Series F Preferred Stock to an accredited investor at an exercise price of $17.06 per share for an aggregate exercise price of approximately $5.0 million.

Plan-Related Issuances

In the three years preceding the date of this registration statement, we granted to our employees, officers and directors options to purchase an aggregate of 2,446,475 shares of common stock at per share exercise prices ranging from $7.42 to $20.92, and 1,156,451 restricted stock units, under our 2014 Equity Incentive Plan. We issued an aggregate of 9,637 shares of common stock at per share purchase prices ranging from $7.42 to $8.42 pursuant to the exercise of options by our employees, officers and directors.

The issuances of the securities in the transactions described above were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act and/or Rule 506, Rule 701 or Regulation S promulgated thereunder. The securities were issued directly by us and did not involve a public offering or general solicitation. The recipients of such securities represented their intentions to acquire the securities for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof.

None of the transactions set forth in Item 15 involved any underwriters, underwriting discounts or commissions or any public offering. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

Item 16. Exhibits and financial statements.

(a) Exhibits

The exhibit index attached hereto is incorporated herein by reference.

(b) Financial Statement Schedules

All schedules have been omitted because the information required to be set forth in the schedules is either not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

(a) The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 (§ 230.424 of this chapter);

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction, the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(d) The undersigned hereby further undertakes that:

(i) For purposes of determining any liability under the Securities Act the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(ii) For the purpose of determining any liability under the Securities Act each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

INDEX TO EXHIBITS

Exhibit No.	
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of Vroom, Inc., as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of Vroom, Inc., to be in effect upon the consummation of this offering.
3.3	Amended and Restated Bylaws of Vroom, Inc., as currently in effect.
3.4*	Form of Amended and Restated Bylaws of Vroom, Inc., to be in effect upon the consummation of this offering.
4.1*	Specimen Stock Certificate evidencing the shares of common stock.
4.2	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.
5.1*	Opinion of Latham & Watkins LLP.
10.1†	Second Amended & Restated 2014 Equity Incentive Plan, as amended.
10.2†	2019 Short Term Incentive Plan.
10.3*†	2020 Incentive Award Plan and form of agreement.
10.4*†	Non-Employee Director Compensation Policy.
10.5*	Form of Indemnification Agreement.
10.6*	Commercial Lease Agreement, dated August 10, 2009, as amended, by and between Texas Direct Auto and Robert P. Archer, ETAL.
10.7*	Lease Agreement, dated May 21, 2011, as amended, by and between Beechnut FEC LLC and Left Gate Property Holding, Inc. d/b/a Texas Direct Auto.
10.8*	Lease Agreement, dated May 21, 2011, by and between Sohani Heritage Trust and Left Gate Property Holding, Inc. d/b/a Texas Direct Auto.
10.9*	Development Agreement, dated June 28, 2011, as amended, by and between The City of Meadows Place, Texas and Left Gate Property Holding, Inc. d/b/a Texas Direct Auto and Vroom.
10.10#	Inventory Financing and Security Agreement, dated March 6, 2020, by and among Ally Bank, Ally Financial Inc., Left Gate Property Holding, LLC and Vroom, Inc.
10.11*	Customer Experience Management Agreement, dated April 17, 2020, by and between Rock Connections, LLC and Vroom, Inc.
21.1*	List of Subsidiaries of Vroom, Inc.
23.1	Consent of PricewaterhouseCoopers LLP
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).

* To be filed by amendment.
† Indicates a management contract or compensatory plan or arrangement.
# Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Regulation S-K, Item (601)(b)(10).

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Vroom, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York, on this 18th day of May, 2020.

Vroom, Inc.

By: /s/ Paul J. Hennessy
Paul J. Hennessy
Chief Executive Officer

POWER OF ATTORNEY

Each of the undersigned officers and directors of Vroom, Inc. hereby constitutes and appoints Paul J. Hennessy and David K. Jones, and each of them any of whom may act without joinder of the other, the individual's true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for the person and in his or her name, place and stead, in any and all capacities, to sign this registration statement on Form S-1, and any other registration statement relating to the same offering (including any registration statement, or amendment thereto, that is to become effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended), and any and all amendments thereto (including post-effective amendments to the registration statement), and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-1 has been signed by the following persons in the capacities set forth opposite their names and on the date indicated above.

Signature	Title	Date
/s/ Paul J. Hennessy Paul J. Hennessy	Chief Executive Officer (Principal Executive Officer) and Director	May 18, 2020
/s/ David K. Jones David K. Jones	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	May 18, 2020
/s/ Robert J. Mylod, Jr. Robert J. Mylod, Jr.	Director	May 18, 2020
/s/ Scott A. Dahnke Scott A. Dahnke	Director	May 18, 2020
/s/ Michael J. Farello Michael J. Farello	Director	May 18, 2020
Laura Lang	Director	
Laura O'Shaughnessy	Director	
/s/ Adam Valkin Adam Valkin	Director	May 18, 2020

State of Delaware
Secretary of State
Division of Corporations
Delivered 09:58 AM 11/21/2019
FILED 09:58 AM 11/21/2019
SR 20198216954 - File Number 5103038

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF VROOM, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

VROOM, INC., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**") hereby certifies:

1. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on January 31, 2012 under the name BCM Partners III, Corp.

2. The Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 25, 2013.

3. The Second Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on November 17, 2014.

4. The Third Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on July 9, 2015.

5. The Fourth Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on December 22, 2015.

6. An Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 21, 2016.

7. An Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on September 19, 2016.

8. An Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 29, 2017.

9. A Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on November 22, 2017.

10. An Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on August 17, 2018.

11. A Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on October 19, 2018.

12. This Amended and Restated Certificate of Incorporation (this "**COI**") has been duly adopted in accordance with the applicable provisions of Sections 242 and 245 of the DGCL, by written consent by the Board of Directors of the Corporation, pursuant to Section 141(f) of the DGCL, and by a written consent of the Stockholders of the Corporation in accordance with Section 228 of the DGCL.

13. This COI restates and integrates and further amends and restates the certificate of incorporation of the Corporation, as heretofore amended or supplemented. The text of the Amended and Restated Certificate of Incorporation as previously amended and restated is hereby amended and restated to read in full as set forth below:

FIRST. The name of this corporation is Vroom, Inc. (the "**Corporation**").

SECOND. The address of the registered office of the Corporation in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington, County of New Castle 19808. The name of its registered agent at such address is Corporation Service Company.

THIRD. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH. The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 54,722,700 shares of Common Stock, $0.001 par value per share ("**Common Stock**"), and (ii) 41,062,455 shares of Preferred Stock, $0.001 par value per share ("**Preferred Stock**").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this COI that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this COI or pursuant to the General Corporation Law. There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of this COI) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

B. PREFERRED STOCK

1,991,998 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series A Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 2,358,242 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series B Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 4,567,121 shares of the authorized Preferred Stock of the Corporation hereby are designated "**Series C Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 7,215,568 shares of the authorized Preferred Stock of the Corporation hereby are designated "**Series D Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 3,081,896 shares of the authorized Preferred Stock of the Corporation hereby are designated "**Series E Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 6,352,790 shares of the authorized Preferred Stock of the Corporation hereby are designated "**Series F Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, and 8,140,020 shares of the authorized Preferred Stock of the Corporation hereby are designated "**Series G Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 7,354,820 shares of the authorized Preferred Stock of the Corporation hereby are designated "**Series H Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. The Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, the Series D Preferred Stock, the Series C Preferred Stock and the Series B Preferred Stock are referred to herein collectively as the "**Senior Preferred Stock**." Unless otherwise indicated, references to "Sections" or "Subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

1. Dividends.

The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in this COI) (a) the holders of the Series H Preferred Stock then outstanding shall receive first, *pari passu* with the holders of the Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, the Series C Preferred Stock and the Series B Preferred Stock, or simultaneously with the receipt by the holders of any other class or series of capital stock of the Corporation, a dividend on each outstanding share of Series H Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series H Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series H Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend, or (ii) in the case of a dividend on any class or series that

is not convertible into Common Stock, at a rate per share of Series H Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Series H Original Issue Price (as defined below); (b) the holders of the Series G Preferred Stock then outstanding shall receive first, *pari passu* with the holders of the Series H Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, the Series C Preferred Stock and the Series B Preferred Stock, or simultaneously with the receipt by the holders of any other class or series of capital stock of the Corporation, a dividend on each outstanding share of Series G Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series G Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series G Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend, or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series G Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Series G Original Issue Price (as defined below); (c) the holders of the Series F Preferred Stock then outstanding shall receive first, *pari passu* with the holders of the Series H Preferred Stock, Series G Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, the Series C Preferred Stock and the Series B Preferred Stock, or simultaneously with the receipt by the holders of any other class or series of capital stock of the Corporation, a dividend on each outstanding share of Series F Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series F Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series F Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend, or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series F Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Series F Original Issue Price (as defined below); (d) the holders of the Series E Preferred Stock then outstanding shall receive first, *pari passu* with the holders of the Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series D Preferred Stock, the Series C Preferred Stock and the Series B Preferred Stock, or simultaneously with the receipt by the holders of any other class or series of capital stock of the Corporation, a dividend on each outstanding share of Series E Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible

into Common Stock, that dividend per share of Series E Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series E Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend, or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series E Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Series E Original Issue Price (as defined below); (e) the holders of the Series D Preferred Stock then outstanding shall receive first, *pari passu* with the holders of the Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, the Series C Preferred Stock and the Series B Preferred Stock, or simultaneously with the receipt by the holders of any other class or series of capital stock of the Corporation, a dividend on each outstanding share of Series D Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series D Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series D Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend, or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series D Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Series D Original Issue Price (as defined below); (f) the holders of the Series C Preferred Stock then outstanding shall receive first, *pari passu* with the holders of the Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, the Series D Preferred Stock and the Series B Preferred Stock, or simultaneously with the receipt by the holders of any other class or series of capital stock of the Corporation, a dividend on each outstanding share of Series C Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series C Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series C Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series C Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Series C Original Issue Price (as defined below); (g) the holders of the Series B Preferred Stock then outstanding shall receive first, *pari passu*

with the holders of the Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, the Series D Preferred Stock and the Series C Preferred Stock, or simultaneously with the receipt by the holders of any other class or series of capital stock of the Corporation, a dividend on each outstanding share of Series B Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series B Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series B Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend, or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series B Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Series B Original Issue Price (as defined below); and (h) the holders of Series A Preferred Stock then outstanding shall then receive, or simultaneously receive, a dividend on each outstanding share of Series A Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series A Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series A Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend, or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series A Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Series A Original Issue Price (as defined below); *provided that*, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock and/or the Series A Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock and/or Series A Preferred Stock dividend, as applicable. The "**Series A Original Issue Price**" shall mean $3.222222 per share, the "**Series B Original Issue Price**" shall mean $4.9652 per share, the "**Series C Original Issue Price**" shall mean $11.86933 per share, the "**Series D Original Issue Price**" shall mean $13.16598 per share, the "**Series E Original Issue Price**" shall mean $16.22378 per share, the "**Series F Original Issue Price**" shall mean $17.05763 per share, the "**Series G Original Issue Price**" shall mean $17.95097 per share and the "**Series H Original Issue Price**" shall mean $27.19305 per share, in each case subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as the case may be.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event,

First, the holders of shares of Senior Preferred Stock then outstanding, on a *pari passu* basis, shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Series A Preferred Stock or Common Stock by reason of their ownership thereof, an amount per share equal to, (A) with respect to each share of Series H Preferred Stock, the greater of (i) 1.0 times the Series H Original Issue Price, plus any dividends declared but unpaid thereon and (ii) such amount per share as would have been payable had all shares of Series H Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series H Liquidation Amount**"), (B) with respect to each share of Series G Preferred Stock, the greater of (i) 1.0 times the Series G Original Issue Price, plus any dividends declared but unpaid thereon and (ii) such amount per share as would have been payable had all shares of Series G Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series G Liquidation Amount**"), (C) with respect to each share of Series F Preferred Stock, the greater of (i) 1.0 times the Series F Original Issue Price, plus any dividends declared but unpaid thereon and (ii) such amount per share as would have been payable had all shares of Series F Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series F Liquidation Amount**"), (D) with respect to each share of Series E Preferred Stock, the greater of (i) 1.0 times the Series E Original Issue Price, plus any dividends declared but unpaid thereon and (ii) such amount per share as would have been payable had all shares of Series E Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series E Liquidation Amount**"), (E) with respect to each share of Series D Preferred Stock, the greater of (i) 1.0 times the Series D Original Issue Price, plus any dividends declared but unpaid thereon and (ii) such amount per share as would have been payable had all shares of Series D Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series D Liquidation Amount**"), (F) with respect to each share of Series C Preferred Stock, the greater of (i) 1.0 times the Series C Original Issue Price, plus any dividends declared but unpaid thereon and (ii) such amount per share as would have been payable had all shares of Series C Preferred Stock been converted into Common Stock pursuant to Section 4

immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series C Liquidation Amount**"), and (G) with respect to each share of Series B Preferred Stock, the greater of (i) 1.0 times the Series B Original Issue Price, plus any dividends declared but unpaid thereon and (ii) such amount per share as would have been payable had all shares of Series B Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series B Liquidation Amount**"). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Senior Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Senior Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

Second, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) 1.0 times the Series A Original Issue Price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of Series A Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series A Liquidation Amount**"). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series A Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Senior Preferred Stock and Series A Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder.

2.3 Deemed Liquidation Events.

2.3.1. Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless (i) the holders (voting separately) of at least a majority of the outstanding shares of Series A Preferred Stock (a "**Series A Majority**"), (ii) the holders (voting separately) of at least a majority of the outstanding shares of Series B Preferred Stock (a "**Series B Majority**"), and (iii) each of (A) the holders of at least two-thirds of the outstanding shares of

Series C Preferred Stock, voting as a single class, and (B) the holders of at least sixty percent (60.0%) of the outstanding shares of Series D Preferred Stock, voting as a single class (collectively, the affirmative votes required by both (A) and (B) of this clause (iii), is referred to as a "**Required Vote**"), elect otherwise by written notice sent to the Corporation at least five (5) days prior to the effective date of any such event:

(a) a merger or consolidation in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation (x) involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation or (y) to redomicile the Corporation or any subsidiary of the Corporation; or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

2.3.2. Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.3.1 unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.3.1(a) or 2.3.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within 90 days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the 90th day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause (ii) to require the redemption of such shares of Preferred Stock, and (iii) if a Series B Majority and a Required Vote so request in a written instrument delivered to the Corporation not later than 120

days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the "**Available Proceeds**"), on the 150th day after such Deemed Liquidation Event, to redeem all outstanding shares of Preferred Stock at a price per share equal to the Series A Liquidation Amount, Series B Liquidation Amount, Series C Liquidation Amount, Series D Liquidation Amount, Series E Liquidation Amount, Series F Liquidation Amount, Series G Liquidation Amount or Series H Liquidation Amount, as applicable. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, the Corporation shall first ratably redeem all shares of Senior Preferred Stock at a price per share equal to the Series H Liquidation Amount, Series G Liquidation Amount, Series F Liquidation Amount, Series E Liquidation Amount, Series D Liquidation Amount, Series C Liquidation Amount or Series B Liquidation Amount, as applicable. In the event of a redemption pursuant to this Section 2.3.2(b), if the Available Proceeds are not sufficient to redeem all outstanding shares of Senior Preferred Stock, the Corporation shall redeem a pro rata portion of each holder's shares of Senior Preferred Stock to the fullest extent of such Available Proceeds based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if legally available funds were sufficient to redeem all such shares, and shall subsequently redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor. If, after the redemption in full of the Senior Preferred Stock, the remaining Available Proceeds are not sufficient to redeem all outstanding shares of Series A Preferred Stock, the Corporation shall redeem a pro rata portion of each holder's shares of Series A Preferred Stock to the fullest extent of such Available Proceeds based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall subsequently redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor. The provisions of Section 6.1 shall apply, with such necessary changes in the details thereof as are necessitated by the context, to the redemption of the Preferred Stock pursuant to this Subsection 2.3.2. Prior to the distribution or redemption provided for in this Subsection 2.3.2, the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event.

2.3.3. Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

2.3.4. Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event pursuant to Subsection 2.3.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), the Merger Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial**

Consideration") shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 2.3.4, consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock held by such holder, as the case may be, are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as otherwise required by law or by the other provisions of this COI, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class.

3.2 Election of Directors. The directors of the Corporation shall be elected as follows:

3.2.1. The holders of the Series C Preferred Stock, voting together as a separate class, shall be entitled to elect two (2) directors of the Corporation (each, a "**Series C Director**");

3.2.2. The holders of Series D Preferred Stock, voting together as a separate class, shall be entitled to elect one (1) director of the Corporation (the "**Series D Director**");

3.2.3. The holders of Series B Preferred Stock, voting as a separate class, shall be entitled to elect two (2) directors of the Corporation (each, a "**Series B Director**"); and

3.2.4. The holders of Series G Preferred Stock, voting together as a separate class, shall be entitled to elect one (1) director of the Corporation; and

3.2.5. The holders of Preferred Stock and Common Stock, voting together as a single class on an as-converted basis, shall be entitled to elect the balance of the total number of directors of the Corporation.

Any director elected as provided in the preceding sentence may be removed with or without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the persons or holders of the shares of the class or series of capital stock entitled to elect a director or directors, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors pursuant to this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as such persons or holders of the shares of the class or series of capital stock entitled to elect a director or directors, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled other than by the persons or stockholders of the Corporation entitled to elect a person to fill such directorship. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the persons, or the holders of the requisite percentage of the outstanding shares of the class or series, entitled to elect such director, as the case may be, shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by certain persons or the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of such persons or the holders of such class or series, as appropriate.

3.3 Series C-H Preferred Stock Protective Provisions. Subject to and without limiting subsections 3.4, 3.5, 3.6, 3.7, 3.8 and 3.9 hereof, at any time when at least 2,945,672 shares of Series C Preferred Stock and Series D Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock and Series D Preferred Stock, as applicable) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the COI) the written consent or affirmative vote of a Required Vote, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect:

(a) declare bankruptcy, liquidate, dissolve or wind-up the business and affairs of the Corporation or any subsidiary of the Corporation;

(b) consummate a Deemed Liquidation Event prior to June 30, 2022, or enter into any agreement to effect the same, resulting in an amount deemed paid or distributed (calculated in accordance with Section 2 above) to the holders of the Series C Preferred Stock, to the holders of the Series D Preferred Stock, to the holders of the Series E Preferred Stock, to the holders of the Series F Preferred Stock, to the holders of Series G Preferred Stock or to the holders of Series H Preferred Stock of less than $35.60799 per share of Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as applicable (subject to appropriate adjustment in the event of a stock split, stock dividend, combination, reclassification or similar event affecting the Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as applicable);

(c) amend, alter, waive, modify or repeal any provision of the COI (except to the extent reasonably necessary to create and authorize the Next Round Financing Shares (as defined below) and establish rights, preferences and privileges with respect to such Next Round Financing Shares in connection with a Next Round Financing (as defined below)) or the Bylaws of the Corporation;

(d) amend or change the rights, preference, privileges or powers of, or the restrictions provided for the benefit of, the Series H Preferred Stock, the Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock and/or Series C Preferred Stock, *provided* that the creation, authorization and issuance of Next Round Financing Shares will not be deemed an amendment or change to the rights, preference, privileges or powers of, or the restrictions provided for the benefit of, the Series H Preferred Stock, the Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock and/or Series C Preferred Stock;

(e) create, or authorize the creation of, or issue or obligate itself to issue shares of, any additional class or series of capital stock that are senior to or on parity with the Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption, other than the issuance of Next Round Financing Shares in connection with a Next Round Financing. For purposes hereof, a "**Next Round Financing**" means the next issuance (in a transaction or a series of related transactions) by the Corporation, after the Series H Original Issue Date, in the Corporation's next round of equity financing of the Corporation's capital stock (1) which in the aggregate shall generate gross cash proceeds to the Corporation of not less than $50,000,000 ***or*** (2) in which the lowest price per Next Round Financing Share is at least $27.19305 (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock), and "**Next Round Financing Shares**" means shares of that series or class of capital stock of the Corporation (which cannot be shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock) issued in the Next Round Financing (and any other securities issued to purchasers of the Next Round Financing Shares in connection with such purchase of Next Round Financing Shares);

(f) other than in connection with the issuance of Next Round Financing Shares in connection with a Next Round Financing, increase or decrease the total number of authorized shares of any class or series of capital stock of the Corporation (other than pursuant to a conversion of Preferred Stock pursuant to Section 4 or Section 5 or in connection with a stock dividend, stock split, combination or other similar recapitalization);

(g) (i) reclassify, alter or amend any existing security of the Corporation that is *pari passu* with the Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series C Preferred Stock, Series D

Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock in respect of any such right, preference or privilege, or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with the Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock in respect of any such right, preference or privilege;

(h) other than pursuant to (1) the Corporation's Second Amended and Restated 2014 Equity Incentive Plan or (2) the issuance of Next Round Financing Shares in connection with a Next Round Financing, authorize, issue, sell or enter into any agreement providing for the issuance (contingent or otherwise), or permit any of its subsidiaries to authorize, issue, sell or enter into any agreement providing for the issuance (contingent or otherwise), of any equity securities or debt securities with equity features or securities exercisable or convertible into equity securities or debt securities with equity features;

(i) purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Preferred Stock as expressly authorized, (ii) dividends or other distributions payable on Common Stock solely in the form of additional shares of Common Stock or (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof;

(j) create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary;

(k) other than in the ordinary course of business, sell, lease, transfer or otherwise dispose of (in a single transaction or series of related transactions) assets of the Corporation or any subsidiary of the Corporation with an aggregate fair market value equal to more than ten percent (10%) of the aggregate fair market value of the Corporation's assets on a consolidated basis;

(l) change the nature of the business of the Corporation and/or its subsidiaries, enter (or permit any of its subsidiaries to enter) into the ownership, active management or operation of any line of business other than those currently engaged in by the Corporation and/or its subsidiaries as of the date hereof;

(m) make or permit any of its subsidiaries to make, any loans or advances to, guarantees for the benefit of, or investments in, any person or entity (other than a wholly-owned subsidiary) in excess of $250,000, individually or in the aggregate;

(n) other than in the ordinary course of business, incur, or permit any subsidiary to incur, indebtedness for money borrowed in excess of $500,000 in the aggregate, guaranty**,** or permit any subsidiary to guaranty, the indebtedness of any other person or encumber any assets of the Corporation or any subsidiary for borrowed money in excess of $500,000 in the aggregate;

(o) other than in the ordinary course of business, create any liens upon any assets or properties of the Corporation or its subsidiaries;

(p) acquire, or permit any subsidiary to acquire, all or substantially all of the properties, assets or stock of another company or entity, unless the aggregate consideration is less than $500,000;

(q) enter into, or permit any subsidiary to enter into, any transaction with any affiliate, director, officer or stockholder of the Corporation; and/or

(r) agree or commit (or permit any subsidiary to agree or commit) to do any of the foregoing.

3.4 Series B Preferred Stock Protective Provisions. Subject to and without limiting subsections 3.3, 3.5, 3.6, 3.7, 3.8 and 3.9 hereof, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without the written consent or affirmative vote of the holders of a Series B Majority, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

(i) (a) reclassify, alter or amend any existing security of the Corporation that is *pari passu* with the Series B Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series B Preferred Stock in respect of any such right, preference or privilege, or (b) reclassify, alter or amend any existing security of the Corporation that is junior to the Series B Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with the Series B Preferred Stock in respect of any such right, preference or privilege;

(ii) adversely amend, alter, modify, waive or repeal the preferences, privileges, special rights or other powers of the Series B Preferred Stock, *provided* that creation of a superior series or class of shares with preference and/or priority over any Series B Preferred Stock in connection with a financing round in the Corporation shall not require such consent;

(iii) amend, alter, waive, modify or repeal the COI or Bylaws of the Corporation or take any other action which would have the effect of adversely impacting the rights, preferences or privileges of the Series B Preferred Stock;

(iv) declare, pay or set aside any dividend or other distribution of cash, securities, or other assets on any class or series of stock; or

(v) enter into an agreement or otherwise agree to do any of the foregoing.

3.5 Series A Preferred Stock Protective Provisions. Subject to and without limiting subsections 3.3, 3.4, 3.6, 3.7, 3.8 and 3.9 hereof, any amendment to this COI (whether by amendment, merger, consolidation or otherwise) that would adversely affect the rights, preferences or privileges of the Series A Preferred Stock which is not applied in the same manner to all series of Preferred Stock, shall require the affirmative consent of the Series A Majority, *provided*, that creation of a superior series or class of shares with preference and/or priority over any Series A Preferred Stock in connection with a financing round in the Corporation shall not require such consent, and *provided* further that such threshold percentage may not be amended without the consent of the Series A Majority.

3.6 Series E Preferred Stock Protective Provisions. Subject to and without limiting subsections 3.3, 3.4, 3.5, 3.7, 3.8 and 3.9 hereof, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, amend, alter, modify, waive or repeal the rights, preferences or privileges of the Series E Preferred Stock in an adverse manner without (in addition to any other vote required by law or the COI) the written consent or affirmative vote of the holders of at least fifty percent (50%) of the then outstanding shares of Series E Preferred Stock (a "**Series E Majority**"), given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, *provided*, that creation of a series or class of shares that is senior to or on parity with the Series E Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, or the payment of dividends and rights of redemption, in connection with a financing round in the Corporation shall not require such consent or vote, and *provided* further that such threshold percentage may not be amended without the consent of the Series E Majority. Any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect.

3.7 Series F Preferred Stock Protective Provisions. Subject to and without limiting subsections 3.3, 3.4, 3.5, 3.6, 3.8 and 3.9 hereof, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, amend, alter, modify, waive or repeal the rights, preferences or privileges of the Series F Preferred Stock in an adverse manner without (in addition to any other vote required by law or the COI) the written consent or affirmative vote of the holders of at least sixty percent (60%) of the then outstanding shares of Series F Preferred Stock (a "**Series F Vote**"), given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, *provided*, that creation of a series or class of shares that is senior to or on parity with the Series F Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, or the payment of dividends and rights of redemption, in connection with a financing round in the Corporation shall not require such consent or vote, and *provided* further that such threshold percentage may not be amended without the consent of the Series F Vote. Any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect.

3.8 Series G Preferred Stock Protective Provisions. Subject to and without limiting subsections 3.3, 3.4, 3.5, 3.6, 3.7 and 3.9 hereof, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, amend, alter, modify, waive or repeal the rights, preferences or privileges of the Series G Preferred Stock in an adverse manner without (in addition to any other vote required by law or the COI) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series G Preferred Stock (a "**Series G Vote**"), given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, *provided*, that creation of a series or class of shares that is senior to or on parity with the Series G Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, or the payment of dividends and rights of redemption, in connection with a financing round in the Corporation shall not require such consent or vote, and *provided* further that such threshold percentage may not be amended without the consent of the Series G Vote. Any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect.

3.9 Series H Preferred Stock Protective Provisions. Subject to and without limiting subsections 3.3, 3.4, 3.5, 3.6, 3.7 and 3.8 hereof, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, (i) amend, alter, modify, waive or repeal the rights, preferences or privileges of the Series H Preferred Stock in an adverse manner or (ii) increase the number of shares of Series H Preferred Stock authorized to be issued pursuant to the COI, in each case, without (in addition to any other vote required by law or the COI) the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series H Preferred Stock (a "**Series H Vote**"), given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, *provided*, that creation of a series or class of shares that is senior to or on parity with the Series H Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, or the payment of dividends and rights of redemption, in connection with a financing round in the Corporation shall not require such consent or vote, and *provided* further that such threshold percentage may not be amended without the consent of the Series H Vote. Any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect.

4. Optional Conversion.

The holders of the Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

4.1 Right to Convert.

4.1.1. Conversion Ratio. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Series H Original Issue Price by the Series H Conversion Price (as defined below) in effect at the time of conversion in the case of conversion of Series H Preferred Stock, the Series G Original Issue Price by the Series G Conversion Price (as defined below) in effect at the time of conversion in the case of conversion of Series G Preferred Stock, the Series F Original Issue Price by the Series F Conversion Price (as defined below) in effect at the time of conversion in the case of conversion of Series F Preferred Stock, the Series E Original Issue Price by the Series E Conversion Price (as defined below) in effect at the time of conversion in the case of conversion of Series E Preferred Stock, the Series D Original Issue Price by the Series D Conversion Price (as defined below) in effect at the time of conversion in the case of conversion of Series D Preferred Stock, the Series C Original Issue Price by the Series C Conversion Price (as defined below) in effect at the time of conversion in the case of conversion of Series C Preferred Stock, the Series B Original Issue Price by the Series B Conversion Price (as defined below) in effect at the time of conversion in the case of conversion of Series B Preferred Stock or the Series A Original Issue Price by the Series A Conversion Price (as defined below) in effect at the time of conversion in the case of conversion of Series A Preferred Stock. The "**Series H Conversion Price**" shall initially be equal to $27.19305, the "**Series G Conversion Price**" shall initially be equal to $17.95097, the "**Series F Conversion Price**" shall initially be equal to $17.05763, the "**Series E Conversion Price**" shall initially be equal to $16.22378, the "**Series D Conversion Price**" shall initially be equal to $13.16598, the "**Series C Conversion Price**" shall initially be equal to $11.86933, the "**Series B Conversion Price**" shall initially be equal to $4.9652 and the "**Series A Conversion Price**" shall initially be equal to $3.222222. Such initial Series H Conversion Price, Series G Conversion Price, Series F Conversion Price, Series E Conversion Price, Series D Conversion Price, Series C Conversion Price, Series B Conversion Price, Series A Conversion Price, and the rate at which shares of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2. Termination of Conversion Rights. In the event of a notice of redemption of any shares of Preferred Stock pursuant to Section 6, the Conversion Rights of the shares designated for redemption shall terminate at the close of business on the last full day preceding the date fixed for redemption, unless the redemption price is not fully paid on such redemption date, in which case the Conversion Rights for such shares shall continue until such price is paid in full. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock, as the case may be.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall round up or down to the nearest whole share. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock, as the case may be, that the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1. Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for such series of Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such certificates (or lost certificate affidavit and agreement) and notice shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, (i) issue and deliver to such holder of Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock represented by the surrendered certificate that were not converted into Common Stock and (ii) pay all declared but unpaid dividends on the shares of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock converted.

4.3.2. Reservation of Shares. The Corporation shall at all times when any shares of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock are outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock, as the case may be, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Stock; and if at any time

the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this COI. Before taking any action which would cause an adjustment reducing the Series H Conversion Price, Series G Conversion Price, Series F Conversion Price, Series E Conversion Price, Series D Conversion Price, Series C Conversion Price, Series B Conversion Price or Series A Conversion Price below, the then par value of the shares of Common Stock issuable upon conversion of the Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock, as the case may be, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Series H Conversion Price, Series G Conversion Price, Series F Conversion Price, Series E Conversion Price, Series D Conversion Price, Series C Conversion Price, Series B Conversion Price or Series A Conversion Price.

4.3.3. Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock accordingly.

4.3.4. No Further Adjustment. Upon any such conversion, no adjustment to the Series H Conversion Price, Series G Conversion Price, Series F Conversion Price, Series E Conversion Price, Series D Conversion Price, Series C Conversion Price, Series B Conversion Price or Series A Conversion Price, as the case may be, shall be made for any declared but unpaid dividends on the Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5. Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Conversion Price for Diluting Issues.

4.4.1. Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) "**Series H Original Issue Date**" shall mean the date on which the first share of Series H Preferred Stock was issued.

(c) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Series H Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, "**Exempted Securities**"):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 1, 4.5 4.6, 4.7 or 4.8;

(iii) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by at least a majority of the Board of Directors of the Corporation, including a Series B Director and a Series C Director;

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security; or

(v) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by at least a majority of the Board of Directors of the Corporation, including a Series B Director and a Series C Director, that do not exceed an aggregate of 200,000 shares of Common Stock (including shares underlying (directly or indirectly) any such Options or Convertible Securities);

(vi) shares of Common Stock, Options or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by at least a majority of the Board of Directors of the Corporation, including a Series B Director and a Series C Director, that do not exceed an aggregate of 200,000 shares of Common Stock (including shares underlying (directly or indirectly) any such Options or Convertible Securities);

(vii) shares of Common Stock, Options or Convertible Securities issued pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided, that such issuances are approved by at least a majority of the Board of Directors of the Corporation, including a Series B Director and a Series C Director, that do not exceed an aggregate of 200,000 shares of Common Stock (including shares underlying (directly or indirectly) any such Options or Convertible Securities); or

(viii) shares of Common Stock, Options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by at least a majority of the Board of Directors of the Corporation, including a Series B Director and a Series C Director, that do not exceed an aggregate of 200,000 shares of Common Stock (including shares underlying (directly or indirectly) any such Options or Convertible Securities).

4.4.2. No Adjustment of Conversion Price. No adjustment in the Series A Conversion Price shall be made as a result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of at least eighty percent (80%) of the then outstanding shares of Series A Preferred Stock agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock, no adjustment in the Series B Conversion Price shall be made as a result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of at least 66% of the then outstanding shares of Series B Preferred Stock agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock, no adjustment in the Series C Conversion Price, Series D Conversion Price or Series E Conversion Price shall be made as a result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Required Vote agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common

Stock, and no adjustment in the Series F Conversion Price, Series G Conversion Price or Series H Conversion Price, as applicable, shall be made as a result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Series F Vote, Series G Vote or Series H Vote, respectively and as applicable, agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3. Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Series H Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price, as the case may be, computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price, as the case may be, as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price, as the case may be, to an amount which exceeds the lower of (i) the applicable Conversion Price in

effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price, as the case may be, that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the relevant Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series H Original Issue Date), are revised after the Series H Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price, as applicable, pursuant to the terms of Subsection 4.4.4, the relevant Conversion Price shall be readjusted to such Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price, as applicable, as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the

Series H Conversion Price, as applicable, provided for in this Subsection shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price, as applicable, that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price, as applicable, that such issuance or amendment took place at the time such calculation can first be made.

4.4.4. Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time or from time to time after the Series H Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price, as the case may be, in effect immediately prior to such issue, then such Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "Conversion Price" shall mean the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price or the Series H Conversion Price, as applicable;

(b) "CP_2" shall mean the relevant Conversion Price in effect immediately after such issue of Additional Shares of Common Stock;

(c) "CP_1" shall mean the relevant Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(d) “A” shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(e) “B” shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP_1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP_1); and

(f) “C” shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5. Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6. Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price and/or the Series H Conversion Price, as applicable, pursuant to the terms of Subsection 4.4.4, and such issuance dates occur within a period of no more than ninety (90) days from the first such issuance to the final such issuance, then, upon the final such issuance, the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price and/or the Series H Conversion Price, as applicable, shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series H Original Issue Date effect a subdivision of the outstanding Common Stock, the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price and the Series H Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series H Original Issue Date combine the outstanding shares of Common Stock, the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price and the Series H Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series H Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price and the Series H Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price and the Series H Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price and the Series H Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter such Conversion Prices shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) no such adjustment shall be made if the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as the case may be, simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as the case may be, had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series H Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in

an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as the case may be, had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7, then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as the case may be, shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as the case may be, immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as the case may be, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the applicable Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as the case may be. For the avoidance of doubt, nothing in this Subsection 4.8 shall be construed as preventing the holders of Preferred Stock from seeking any appraisal rights to which they are otherwise entitled under the DGCL in connection with a merger triggering an adjustment hereunder, nor shall this Subsection 4.8 be deemed conclusive evidence of the fair value of the shares of Preferred Stock in any such appraisal proceeding.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price, Series F Conversion Price, Series G Conversion Price or Series H Conversion Price, as the case may be, pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than 10 days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock, Series B Preferred

Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock (but in any event not later than 10 days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price, Series F Conversion Price, Series G Conversion Price or Series H Conversion Price, as the case may be, then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as the case may be.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock and the Common Stock. Such notice shall be sent at least 10 days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events.

(a) Upon the closing of the sale of shares of Common Stock to the public, in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $75,000,000 of gross proceeds to the Corporation at a price of at least $29.67332 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock) (a "**Qualified IPO**"), (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate applicable to such Preferred Stock as calculated pursuant to Subsection 4.1.1 and (ii) such shares may not be reissued by the Corporation.

(b) Upon the date and time, or the occurrence of an event, specified by vote or written consent of a Series B Majority and a Required Vote, (i) all outstanding shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock and Series G Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate applicable to such Preferred Stock as calculated pursuant to Subsection 4.1.1 and (ii) such shares may not be reissued by the Corporation.

(c) Upon the date and time, or the occurrence of an event, specified by vote or written consent of the Series H Vote, (i) all outstanding shares of Series H Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate applicable to such Preferred Stock as calculated pursuant to Subsection 4.1.1 and (ii) such shares may not be reissued by the Corporation.

(d) The time of the closing of a Qualified IPO described in Subsection 5.1(a) or the date and time specified or the time of the event specified in the vote or written consent described in Subsections 5.1(b) and 5.1(c) are referred to herein as a "**Mandatory Conversion Time**".

5.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of a Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such

certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the applicable Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender the certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after each Mandatory Conversion Time and, if applicable, the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for the applicable Preferred Stock, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, rounded up to the next whole share, and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

6. Redemption.

6.1 [Reserved]

6.2 Series B-H Redemption Request.

6.2.1. If the Corporation has not consummated a Qualified IPO or a Deemed Liquidation on or prior December 22, 2022 (the "**Trigger Date**"), at any time from and after the Trigger Date, so long as at least 589,561 shares of Series B Preferred Stock, at least 1,141,781 shares of Series C Preferred Stock, at least 1,803,892 shares of Series D Preferred Stock, at least 770,474 shares of Series E Preferred Stock, at least 1,245,777 shares of Series F Preferred Stock, at least 974,878 shares of Series G Preferred Stock, or at least 1,838,705 shares of Series H Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as applicable) are then outstanding, the holders of at least a majority of the shares of Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock then outstanding, voting together as a single class on an as-converted basis (a "**Series C-E Majority**") shall have the right to deliver written notice to the Corporation (the "**Series B-H Preferred Redemption Notice**") requesting the redemption by the Corporation of the outstanding shares of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock held by such Series C-E Majority (a "**Series B-H Redemption Request**") for a per share price (the "**Series B Redemption Price**", "**Series C Redemption Price**", "**Series D Redemption Price**", "**Series E Redemption Price**", "**Series F Redemption Price**", "**Series G Redemption Price**" or "**Series H Redemption Price**", as applicable) equal to the *greater* of (1)

the Series B Liquidation Amount (with respect to the Series B Preferred Stock), the Series C Liquidation Amount (with respect to the Series C Preferred Stock), the Series D Liquidation Amount (with respect to the Series D Preferred Stock), the Series E Liquidation Amount (with respect to the Series E Preferred Stock), the Series F Liquidation Amount (with respect to the Series F Preferred Stock), the Series G Liquidation Amount (with respect to the Series G Preferred Stock), or the Series H Liquidation Amount (with respect to the Series H Preferred Stock), as applicable, and (2) the Redemption Fair Market Value (as defined below) of a share of Series B Preferred Stock, a share of Series C Preferred Stock, a share of Series D Preferred Stock, a share of Series E Preferred Stock, a share of Series F Preferred Stock, a share of Series G Preferred Stock or a share of Series H Preferred Stock, as applicable. The Series B-H Preferred Redemption Notice shall set forth such Series C-E Majority's good faith determination of the Redemption Fair Market Value of a share of Series B Preferred Stock, a share of Series C Preferred Stock, a share of Series D Preferred Stock, a share of Series E Preferred Stock, a share of Series F Preferred Stock, a share of Series G Preferred Stock and a share of Series H Preferred Stock, as applicable. For purposes hereof, "**Redemption Fair Market Value**" shall mean the value of one share of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as applicable, determined as of the date on which the Series B-H Preferred Redemption Request is provided to the Corporation, assuming the sale of all of the capital stock of the Corporation in an active marketing process without the application of any discounts.

6.2.2. The Corporation shall have fifteen (15) days after its receipt of a Series B-H Preferred Redemption Notice to object, by delivering a written notice thereof to the holders of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock, to such Series C-E Majority's determination of the Redemption Fair Market Value of the Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as applicable. If the Corporation fails to object to such determination of Redemption Fair Market Value by delivering written notice within such 15-day period, such Series C-E Majority's determination of the Redemption Fair Market Value of the Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as applicable, shall be final and binding on the Corporation and the holders of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as applicable. If the Corporation objects to such determination within the 15-day period, the Corporation may engage an independent valuation specialist of national standing (a "**Qualified Appraiser**") mutually agreeable to the Corporation, on the one hand, and such Series C-E Majority, on the other hand. Within 30 days of being retained, the Qualified Appraiser shall submit its determination of such Redemption Fair Market Value based on the definition of Redemption Fair Market Value herein. If the Corporation and such Series C-E Majority cannot agree on the appointment of a Qualified Appraiser, each of the Corporation's Board of Directors, on the one hand, and such Series C-E Majority, on the other hand, shall select a Qualified Appraiser and the Redemption Fair Market Value shall be deemed to be equal to the average of the Redemption Fair Market Values determined by each Qualified Appraiser based on the definition of Redemption Fair Market Value herein. The fees, costs and expenses of the Qualified Appraiser(s) shall be borne by the Corporation.

6.2.3. The Corporation promptly shall deliver a copy of the Qualified Appraiser's determination of the Redemption Fair Market Value of a share of Series B Preferred Stock, a share of Series C Preferred Stock, a share of Series D Preferred Stock, a share of Series E Preferred Stock, a share of Series F Preferred Stock, a share of Series G Preferred Stock and a share of Series H Preferred Stock, as applicable, to each holder of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock, as applicable. Such Series C-E Majority, within 15 days after its receipt of a copy of the Qualified Appraiser's determination of Redemption Fair Market Value, shall give written notice to the Corporation as to whether or not such Series C-E Majority elects to proceed with the redemption of all of such Series C-E Majority's shares of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock at the Redemption Fair Market Value of the Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock, as applicable, determined by the Qualified Appraiser (the "**Final Series B-H Redemption Notice**").

6.2.4. If either (i) such Series C-E Majority's determination of the Redemption Fair Market Value shall be final and binding on the Corporation in accordance with Section 6.2.2 or (ii) the Corporation receives a Final Series B-H Redemption Notice pursuant to Section 6.2.3, the Corporation shall give written notice thereof to each other holder of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock within three (3) days of (A) such Series C-E Majority's determination of the Redemption Fair Market Value being deemed final and binding on the Corporation in accordance with Section 6.2.2 or (B) the Corporation's receiving the Final Series B-H Redemption Notice pursuant to Section 6.2.3, as applicable. Each other holder of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock shall have the right to request, by giving written notice to the Corporation within ten (10) days of such holder's receipt of such notice, that the Corporation redeem all of such holder's shares of Series B Preferred Stock, shares of Series C Preferred Stock, shares of Series D Preferred Stock, shares of Series E Preferred Stock, shares of Series F Preferred Stock, shares of Series G Preferred Stock and/or shares of Series H Preferred Stock, and upon such request the Corporation shall redeem, on a *pari passu* basis with the shares of Series B Preferred Stock, shares of Series C Preferred Stock, shares Series D Preferred Stock, shares of Series E Preferred Stock, shares of Series F Preferred Stock, shares of Series G Preferred Stock and shares of Series H Preferred Stock subject to a Final Series B-H Redemption Notice, all shares of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock subject to such requests, for a per share price equal to the Series B Redemption Price, Series C Redemption Price, Series D Redemption Price, Series E Redemption Price, Series F Redemption Price, Series G Redemption Price or Series H Redemption Price, as applicable.

6.2.5. If such Series C-E Majority elects to proceed with the redemption, the Corporation shall use its best efforts within one hundred eighty (180) days from the later of (i) the date of the Series B-H Preferred Redemption Notice and (ii) the issuance of the Qualified Appraiser's determination of the Redemption Fair Market Value of the Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock or Series H Preferred Stock, as applicable, to effect the redemption of all of the shares of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock held by such Series C-E Majority and the other exercising holders of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock by the payment of the Series B Redemption Price, Series C Redemption Price, Series D Redemption Price, Series E Redemption Price, Series F Redemption Price, Series G Redemption Price and Series H Redemption Price, as applicable, in cash by wire transfer of immediately available funds pursuant to instructions provided by such Series C-E Majority and such other holders of Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock (including using best efforts to consummate a debt and/or equity financing sufficient to consummate the redemption).

6.2.6. If at the end of such one hundred and eighty (180) day period, the Corporation has not redeemed all of the shares of Series B Preferred Stock, shares of Series C Preferred Stock, shares of Series D Preferred Stock, shares of Series E Preferred Stock, shares of Series F Preferred Stock, shares of Series G Preferred Stock and shares of Series H Preferred Stock subject to a request for redemption pursuant to this Section 6.2 (a "**Series B-H Redemption Failure**"), the rights and remedies set forth in Section 3.5 of the Corporation's Voting Agreement, as in effect from time to time, shall come into effect.

6.2.7. A Series C-E Majority shall have the right to provide a Series B-H Preferred Redemption Notice pursuant to Section 6.2.1 above once every twelve (12) months after the Trigger Date.

7. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and/or Series H Preferred Stock, as applicable, following redemption.

8. Waiver. Except as otherwise set forth herein, any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be waived on behalf of all holders of Preferred Stock by the affirmative written consent or vote of the holders of at least a majority of the shares of Preferred Stock then outstanding, voting together as a single class on an as-converted basis. In addition, notwithstanding the foregoing and other than as set forth herein, each series of Preferred Stock may waive any of the series-specific rights, powers, preferences and other terms of such series of Preferred Stock on behalf of such series by the affirmative written consent or vote of the holders of at least a majority of the shares of such series of Preferred Stock then outstanding; *provided* that (i) any of the rights, powers, preferences and other terms of the Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and/or Series H Preferred Stock may be waived on behalf of the

holders of Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and/or Series H Preferred Stock, respectively, by the affirmative written consent or vote of a Required Vote or the Series C-E Majority, as the case may be, with respect to those matters for which the Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and/or Series H Preferred Stock are governed by or subject to the Required Vote or Series C-E Majority, respectively, (ii) any of the series-specific rights, powers, preferences and other terms of the Series F Preferred Stock only may be waived on behalf of the holders of Series F Preferred Stock by the affirmative written consent or vote of a Series F Vote (but not including such matters where the Series F Preferred Stock is governed by or subject to the Required Vote or Series C-E Majority, respectively), (iii) any of the series-specific rights, powers, preferences and other terms of the Series G Preferred Stock only may be waived on behalf of the holders of Series G Preferred Stock by the affirmative written consent or vote of a Series G Vote (but not including such matters where the Series G Preferred Stock is governed by or subject to the Required Vote or Series C-E Majority, respectively), and (iv) any of the series-specific rights, powers, preferences and other terms of the Series H Preferred Stock only may be waived on behalf of the holders of Series H Preferred Stock by the affirmative written consent or vote of a Series H Vote (but not including such matters where the Series H Preferred Stock is governed by or subject to the Required Vote or Series C-E Majority, respectively). For the avoidance of doubt, the series specific waivers set forth in the preceding sentence and proviso only apply to a waiver of the rights, powers, preferences and other terms specific to the applicable series of Preferred Stock and not to rights, powers, preferences and other terms of Preferred Stock that are subject to the vote or consent of the Required Vote or the Series C-E Majority, as the case may be.

9. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH. Subject to any additional vote required by this COI or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH. Subject to any additional vote required by this COI, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

SEVENTH. Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH. Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH. To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH. To the fullest extent permitted by applicable law, the Corporation shall indemnify (and provide advancement of expenses to) directors and officers of the Corporation from and against any and all liabilities, costs, expenses or damages that they may incur on account of, related to, or in connection with, directly or indirectly, their service to the Corporation. The Corporation is also authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law.

The Corporation hereby acknowledges that one or more persons who currently serves or is expected to serve as an officer, employee, director, representative or agent of the Corporation or its affiliates (each a "**Fund Indemnitee**") may have certain rights to indemnification, advancement of expenses, or liability insurance provided by one or more of stockholders of the Corporation or their affiliates (each a "**Fund Indemnitor**"). The Corporation hereby agrees that (a) the Corporation is the indemnitor of first resort i.e., its obligations to any such Fund Indemnitee under this Article Tenth or any other indemnity agreement or arrangements between such Fund Indemnitee and this Corporation (collectively, "**Indemnity Arrangements**") are primary, and any obligation of a Fund Indemnitor to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Fund Indemnitee is secondary and excess, (b) the Corporation shall advance the full amount of expenses actually incurred by such Fund Indemnitee and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of any such Fund Indemnitee, to the extent legally permitted and as required by any Indemnity Arrangement, without regard to any rights such Fund Indemnitee may have against a Fund Indemnitor, and (c) the Corporation irrevocably waives, relinquishes and releases the Fund Indemnitors from any claims the Corporation may have against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind arising out of or relating to any Indemnity Arrangement. The Corporation agrees that no advancement or indemnification payment by any Fund Indemnitor on behalf of any such Fund Indemnitee shall affect the foregoing, and each Fund Indemnitor shall be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Fund Indemnitee against the Corporation.

Any amendment, repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification.

ELEVENTH. The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

* * *

14. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

15. That this Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 21st day of November, 2019.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: President

[Vroom – Signature Page – COI]

State of Delaware
Secretary of State
Division of Corporations
Delivered 11:16 AM 12/05/2019
FILED 11:16 AM 12/05/2019
SR 20198450704 - File Number 5103038

CERTIFICATE OF AMENDMENT

OF

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

VROOM, INC.

VROOM, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: The name of the corporation is "Vroom, Inc.".

SECOND: The Board of Directors of the Corporation duly adopted resolutions by unanimous written consent on December 5, 2019, setting forth a proposed amendment to the Amended and Restated Certificate of Incorporation of the Corporation (the "Restated Certificate") filed with the Secretary of State of Delaware on November 21, 2019, declaring said amendment to be advisable and in the best interests of the Corporation, and authorizing the distribution of a resolution to the stockholders of the Corporation for consideration thereof.

THIRD: That the majority of the stockholders of the Corporation entitled to vote thereon has authorized said amendment.

FOURTH: That said amendment was duly adopted in accordance with the applicable provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware.

The Restated Certificate is hereby amended as follows:

(1) The first paragraph of Article Fourth of the Restated Certificate is hereby deleted in its entirety and replaced with the following:

"FOURTH. The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 56,721,927 shares of Common Stock, $0.001 par value per share **("Common Stock"),** and (ii) 43,061,682 shares of Preferred Stock, $0.001 par value per share **("Preferred Stock")."**

(2) The first paragraph of Section B of Article Fourth of the Restated Certificate is hereby deleted in its entirety and replaced with the following:

"1,991,998 shares of the authorized Preferred Stock of the Corporation are hereby designated **"Series A Preferred Stock"** with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 2,358,242 shares of the authorized Preferred Stock of the Corporation are hereby designated **"Series B Preferred Stock"** with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 4,567,121 shares of the authorized Preferred Stock of the Corporation hereby are designated **"Series C Preferred Stock"** with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 7,215,568 shares of the authorized

Preferred Stock of the Corporation hereby are designated **"Series D Preferred Stock"** with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 3,081,896 shares of the authorized Preferred Stock of the Corporation hereby are designated **"Series E Preferred Stock"** with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 6,352,790 shares of the authorized Preferred Stock of the Corporation hereby are designated **"Series F Preferred Stock"** with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, 8,140,020 shares of the authorized Preferred Stock of the Corporation hereby are designated **"Series G Preferred Stock"** with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations, and 9,354,047 shares of the authorized Preferred Stock of the Corporation hereby are designated **"Series H Preferred Stock"** with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. The Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, the Series D Preferred Stock, the Series C Preferred Stock and the Series B Preferred Stock are referred to herein collectively as the **"Senior Preferred Stock."** Unless otherwise indicated, references to "Sections" or "Subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth."

FIFTH: The Restated Certificate is hereby ratified and confirmed in all other respects.

[Signature page follows.]

IN WITNESS WHEREOF, this Corporation has caused this Certificate of Amendment to be duly executed this 5th day of December, 2019.

VROOM, INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Officer

Exhibit 3.3

Execution

These Amended and Restated Bylaws are subject in all respects to the terms of the Corporation's Amended and Restated Voting Agreement, as in effect from time to time (the "Amended and Restated Voting Agreement"). If any term of these By-laws conflicts with or is inconsistent with the terms of the Amended and Restated Voting Agreement, the terms of the Amended and Restated Voting Agreement shall govern.

VROOM, INC.

AMENDED AND RESTATED BY-LAWS

Adopted July 13, 2015

ARTICLE I - OFFICES

Section 1. Registered Office.

The registered office of Vroom, Inc. (the "**Corporation**") in the State of Delaware shall be at 615 South DuPont Highway, Dover, Delaware 19901, Kent County. The name of its registered agent at such address is National Corporate Research, Ltd.

Section 2. Other Offices.

The Corporation may also have an office or offices at any other place or places within or outside the State of Delaware.

ARTICLE II – STOCKHOLDERS

Section 1. Annual Meeting.

An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held by means of remote communication, if any, at such place (or by means of remote communication), and at such date (which date shall be within thirteen (13) months subsequent to the later of the date of incorporation or the last annual meeting of stockholders), and at such place and hour as shall be fixed by the Board of Directors (the "**Board**") and designated in the notice or waiver of notice thereof, except that no annual meeting need be held if all actions, including the election of directors, required by the General Corporation Law of the State of Delaware (the "**Delaware Statute**") to be taken at a stockholders' annual meeting are taken by written consent in lieu of meeting pursuant to Section 8 of this Article II,.

Section 2. Special Meetings.

Subject to the rights of the holders of any class or series of preferred stock of the Corporation, special meetings of stockholders of the Corporation may be called only by the Board, the Chairman or the record holders of at least twenty percent (20%) of the issued and outstanding shares of voting stock of the Corporation, to be held by means of remote communication, if any, at such place (within or without the State of Delaware), if any, and at such date and hour as shall be designated in the notice or waiver of notice thereof .

Section 3. Notice of Meetings.

Written notice of the place, date, and time of all meetings of the stockholders shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware Statute, these By-Laws and/or the Certificate of Incorporation of the Corporation (as amended, modified or supplemented from time to time, the "**Certificate**")),by delivering written notice thereof to such stockholders. Every such notice shall state the place, if any, the date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy (expressly provided that a stockholder may attend a meeting for the purpose of contesting the form of content of the notice, without waiving that stockholder's right to notice hereunder), or who shall, in person or by attorney thereunto authorized, waive such notice in writing or by electronic transmission, either before or after such meeting.

For purposes of these By-laws, "**electronic transmission**" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Except as required by law, when a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 4. Quorum.

At any meeting of the stockholders, except where otherwise provided by the Certificate or these By-Laws, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes is required, except where otherwise provided by the Certificate or these By- Laws, a majority of the shares of such class or classes present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, or time, until stockholders holding the requisite amount of stock to constitute a quorum shall be present or represented. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 5. Organization.

The Chairman of the Board or, in his or her absence, such person as the Board may have designated or, in his or her absence, the chief executive officer of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

Section 6. Conduct of Business.

The Chairman of the Board or his or her designee or, if neither the Chairman of the Board nor his or her designee is present at the meeting, then a person appointed by a majority of the Board, shall preside at, and act as chairman of, any meeting of the stockholders. The chairman of any meeting of stockholders shall determine the order of business and the procedures at the meeting, including such regulation of the manner of voting and the conduct of discussion as he or she deems to be appropriate, but such order of business may be changed by a majority in voting interest of those present in person or by proxy at such meeting and entitled to vote thereat.

Section 7. Proxies and Voting.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing filed in accordance with the procedure established for the meeting.

Each stockholder shall have one (1) vote for every share of stock entitled to vote which is registered in his or her name on the record date for the meeting, except as otherwise provided herein or required by law or by the Certificate.

All voting, including on the election of directors but excepting where otherwise required by law or by the Certificate, may be by a voice vote; provided, however, that upon demand therefor by a stockholder entitled to vote or his or her proxy, a vote by ballot shall be taken.

Except as otherwise provided in the Certificate or the terms of any class or series of preferred stock of the Corporation, all elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast.

Any vote of stock may be given by the stockholder entitled thereto in person or by his proxy appointed by an instrument in writing or by electronic transmission, subscribed by such stockholder or by his attorney thereunto authorized, delivered to the secretary of the meeting; provided, however, that no proxy shall be voted after one (1) year from its date, unless said proxy provides for a longer period. At all meetings of the stockholders, all matters (except where other provision is made by law, the Certificate or these By-Laws) shall be decided by the vote of a majority in interest of the stockholders present in person or by proxy at such meeting and entitled to vote thereon, a quorum being present. Unless demanded by a stockholder present in person or by proxy at any meeting and entitled to vote thereon, the vote on any question need not be by ballot. Upon a demand by any such stockholder for a vote by ballot upon any question, such vote by ballot shall be taken. On a vote by ballot, each ballot shall state the number of shares voted and shall be (i) signed by the stockholder voting, or by his proxy, if there be such proxy, or (ii) submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxyholder.

Section 8. Action Without Meeting.

(a) Any action required by the Delaware Statute to be taken at any annual or special meeting of the stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, by a consent in writing or by electronic transmission, as permitted by the Delaware Statute.

(b) An electronic transmission consenting to an action to be taken and transmitted by a stockholder shall be deemed to be written, signed and dated for the purposes of this Section 8, provided that any such electronic transmission sets forth or is delivered with information from which the Corporation can determine (i) that the electronic transmission was transmitted by the stockholder and (ii) the date on which such stockholder transmitted such electronic transmission. The date on which such electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceeds or meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by electronic transmission may be otherwise delivered to the principal place of business of the Corporation or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the Board of Directors.

Section 9. Stock List.

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

Section 10. Inspection.

The chairman of the meeting may at any time appoint one or more inspectors to serve at any meeting of the stockholders. Any inspector may be removed, and a new inspector or inspectors appointed, by the Board at any time. Such inspectors shall decide upon the qualifications of voters, accept and count votes, declare the results of such vote, and subscribe and deliver to the secretary of the meeting a certificate stating the number of shares of stock issued and outstanding and entitled to vote thereon and the number of shares voted for and against the question, respectively. The inspectors need not be stockholders of the Corporation, and any director or officer of the Corporation may be an inspector on any question other than a vote for or against his election to any position with the Corporation or on any other matter in which he may be directly interested. Before acting as herein provided, each inspector shall subscribe an oath faithfully to execute the duties of an inspector with strict impartiality and according to the best of his ability.

Section 11. Remote Communication.

For the purposes of these By-laws, if authorized by the Board in its sole discretion, and subject to such guidelines and procedures as the Board may adopt, stockholders and proxyholders may, by means of remote communication:

(a) participate in a meeting of stockholders; and

(b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

ARTICLE III - BOARD OF DIRECTORS

Section 1. General Powers.

The business, property and affairs of the Corporation shall be managed by or under the direction of the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate directed or required to be exercised or done by the stockholders.

Section 2. Number, Election, Tenure and Qualification.

Except as otherwise specified in the Certificate, the number of directors which shall constitute the whole board shall be determined by resolution of the Board. The directors shall be elected at the annual meeting or at any special meeting of the stockholders at which a quorum is present, except as provided in Section 3 of this Article, and each director elected shall hold office until his or her successor is elected and qualified, unless sooner displaced. Directors need not be stockholders.

Section 3. Vacancies and Newly Created Directorships.

Subject to the Certificate and the rights of the holders of any class or series of preferred stock of the Corporation to elect directors, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, though less than a quorum, or the sole remaining director.

Section 4. Resignation and Removal.

Any director may resign at any time upon written notice to the Corporation at its principal place of business or to the chief executive officer or secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event. Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, unless otherwise specified by law or the Certificate. Whenever the holders of any class or series are

entitled to elect one or more directors by the provisions of the Certificate, the provisions of this section shall apply, in respect to the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole.

Section 5. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors.

Section 6. Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, if any, the President, the Treasurer, the Secretary or one or more of the directors then in office and shall be held at such place, on such date, and at such time as they or he or she shall fix.

Section 7. Notice of Regular and Special Board Meetings.

Notice shall be given to each director of each meeting of the Board, including the time, place and purpose of such meeting. Notice of each such meeting shall be given to each director (A) by mail, addressed to him at his residence or usual place of business, and sent at least two (2) days before the date on which such meeting is to be held, or (B) by facsimile telecommunications or other electronic transmission, by personal delivery, or by telephone not later than the day before the day on which such meeting is to be held, but notice need not be given to any director who shall attend such meeting. . Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 8. Quorum.

At any meeting of the Board, a majority of the total number of members of the Board shall constitute a quorum for all purposes, and the vote of a majority in voting power of those directors present at any such meeting at which a quorum is present shall be necessary for the passage of any resolution or act of the Board, except as otherwise expressly required by law or these By-Laws. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof, until a quorum is present.

Section 9. Action by Written Consent.

Unless otherwise restricted by the Certificate or these By-Laws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, without prior notice and without a vote, if all members of the board or committee, as the case may be, consent thereto in writing, or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board, or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. An electronic transmission consenting to an action to be taken and transmitted by a director shall be deemed to be written, signed and dated for the purposes of this Section 9.

Section 10. Participation in Meetings By Conference Telephone.

Members of the Board, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 11. Conduct of Business.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law.

Section 12. Compensation of Directors.

Directors, as such, may receive, pursuant to a resolution of the Board, fixed fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board.

ARTICLE IV - COMMITTEES

Section 1. Committees of the Board of Directors.

The Board, by a vote of a majority of the Board, may from time to time designate committees of the Board, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the By-Laws of the Corporation. Any committee so designated may exercise the power and authority of the Board to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law if the resolution which designates the committee or a supplemental resolution of the Board shall so provide. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board to act at the meeting in the place of the absent or disqualified member.

Section 2. Conduct of Business.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committee.

ARTICLE V - OFFICERS

Section 1. Enumeration.

The officers of the Corporation shall be the President, the Treasurer, the Secretary and such other officers as the Board of Directors or the Chairman of the Board may determine, including, but not limited to, the Chairman of the Board of Directors, one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries.

Section 2. Election.

The Chairman of the Board, if any, the President, the Treasurer and the Secretary shall be elected annually by the Board at its first meeting following the annual meeting of the stockholders. The Board or such officer of the Corporation as it may designate, if any, may, from time to time, elect or appoint such other officers as it or he or she may determine, including, but not limited to, one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries.

Section 3. Qualification.

No officer need be a stockholder. The Chairman of the Board, if any, and any Vice Chairman appointed to act in the absence of the Chairman, if any, shall be elected by and from the Board, but no other officer need be a director. Two or more offices may be held by any one person. [*Deleted subject to Delaware counsel OK*]

Section 4. Tenure and Removal.

Each officer elected or appointed by the Board shall hold office until the first meeting of the Board following the next annual meeting of the stockholders and until his or her successor is elected or appointed and qualified, or until he or she dies, resigns, is removed or becomes disqualified, unless a shorter term is specified in the vote electing or appointing said officer. Each officer appointed by an officer designated by the Board to elect or appoint such officer, if any, shall hold office until his or her successor is elected or appointed and qualified, or until he or she dies, resigns, is removed or becomes disqualified, unless a shorter term is specified by any agreement or other instrument appointing such officer. Any officer may resign by giving written notice of his or her resignation to the Chairman of the Board, if any, the President, or the Secretary, or to the Board at a meeting of the Board, and such resignation shall become effective at the time specified therein. Any officer may be removed from office with or without cause by vote of a majority of the directors. Any officer appointed by an officer designated by the Board to elect or appoint such officer, if any, may be removed with or without cause by such officer.

Section 5. Chairman of the Board.

The Chairman of the Board, if any, shall preside at all meetings of the Board and stockholders at which he or she is present and shall have such authority and perform such duties as may be prescribed by these By-Laws or from time to time be determined by the Board.

Section 6. President.

The President shall, subject to the control and direction of the Board, have and perform such powers and duties as may be prescribed by these By-Laws or from time to time be determined by the Board.

Section 7. Vice Presidents.

The Vice Presidents, if any, in the order of their election, or in such other order as the Board may determine, shall have and perform the powers and duties of the President (or such of the powers and duties as the Board may determine) whenever the President is absent or unable to act. The Vice Presidents, if any, shall also have such other powers and duties as may from time to time be determined by the Board.

Section 8. Treasurer and Assistant Treasurers.

The Treasurer shall, subject to the control and direction of the Board, have and perform such powers and duties as may be prescribed in these By-Laws or be determined from time to time by the Board. All property of the Corporation in the custody of the Treasurer shall be subject at all times to the inspection and control of the Board. Unless otherwise voted by the Board, each Assistant Treasurer, if any, shall have and perform the powers and duties of the Treasurer whenever the Treasurer is absent or unable to act, and may at any time exercise such of the powers of the Treasurer, and such other powers and duties, as may from time to time be determined by the Board.

Section 9. Secretary and Assistant Secretaries.

The Board shall appoint a Secretary and, in his or her absence, an Assistant Secretary. The Secretary or, in his or her absence, any Assistant Secretary, shall attend all meetings of the directors and shall record all votes of the Board and minutes of the proceedings at such meetings. The Secretary or, in his or her absence, any Assistant Secretary, shall notify the directors of their meetings, and shall have and perform such other powers and duties as may from time to time be determined by the Board. If the Secretary or an Assistant Secretary is elected but is absent from any meeting of directors, a temporary secretary may be appointed by the directors at the meeting.

Section 10. [Reserved].

[Deleted subject to Delaware counsel OK]

Section 11. Action with Respect to Securities of Other Corporations.

Unless otherwise directed by the Board, the President, the Treasurer or any officer of the Corporation authorized by the President shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE VI - STOCK

Section 1. Certificates of Stock.

Each stockholder shall be entitled to a certificate signed by, or in the name of the Corporation by the Chairman of the Board, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares owned by him or her. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, *provided* that, except as otherwise provided in Section 202 of the Delaware Statute, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of

each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Any or all of the signatures on the certificate may be by facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 2. Transfers of Stock.

Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 4 of this Article of these By-Laws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

Section 3. Record Date.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

Section 4. Lost, Stolen or Destroyed Certificates.

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5. Regulations.

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board may establish that are not inconsistent with these By-laws.

Section 6. Interpretation.

The Board of Directors shall have the power to interpret all of the terms and provisions of these By-Laws, which interpretation shall be conclusive.

ARTICLE VII - NOTICES

Section 1. Notices.

Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, director, officer, employee or agent shall be given personally, by mail, or by means of electronic transmission given in a form consented to in writing by such stockholder, director, officer, employee or agent to whom notice is given. If such notice is mailed, it shall be deemed delivered three days after it is deposited in the official government mail or the day after delivered to a nationally recognized, receipted delivery service, all properly addressed to such stockholder, director, officer, employee or agent at the address of that recipient as it appears in the records of the Corporation with postage prepaid. If the notice is sent by facsimile telecommunication, notice is given when directed to a number at which such stockholder, director, officer, employee or agent has consented to receive notice, and receipt of the transmission is obtained. If the notice is sent by electronic mail, notice is given when directed to an electronic mail address at which such stockholder, director, officer, employee or agent has consented to receive notice, and receipt of the transmission is obtained. If notice is given by a posting on an electronic network together with separate notice to such stockholder, director, officer, employee or agent of the specific posting, notice is given upon the later of (i) such posting and (ii) the giving of such separate notice. If notice is given by any other form of electronic communication, notice is given when directed to such stockholder, director, officer, employee or agent and such person acknowledges receipt.

Each stockholder, director, officer, employee or agent shall designate to the Secretary the addresses at which notices of meetings and all other corporate notices may be served or delivered to such person by mail or by electronic transmission, and, if any such stockholder, director, officer, employee or agent shall fail to designate such address, corporate notices may be served upon such person by mail directed to him at his last known address.

Section 2. Waiver of Notice.

A written waiver of any notice, signed by a stockholder, director, officer, employee or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such stockholder, director, officer, employee or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance of a director or stockholder at a meeting without protesting prior thereto or at its commencement the lack of notice shall also constitute a waiver of notice by such director or stockholder.

ARTICLE VIII - INDEMNIFICATION

Section 1. Actions other than by or in the Right of the Corporation.

The Corporation shall indemnify any present or former director or officer of the Corporation to the fullest extent authorized by the Delaware Statute as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), and may indemnify any other person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint

venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Actions by or in the Right of the Corporation.

The Corporation shall indemnify any present or former director or officer of the Corporation to the fullest extent authorized by the Delaware Statute as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), and may indemnify any other person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

Section 3. Success on the Merits.

To the extent that any person described in Section 1 or Section 2 of this Article has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 4. Specific Authorization.

Any indemnification under Section 1 or Section 2 of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he or she has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (1) by the Board by a majority vote of directors who were not parties to such action, suit or proceeding, even though less than a quorum,, or (2)by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or or (4) by the stockholders of the Corporation.

Section 5. Advancement of Expenses to Directors.

(a) The Corporation shall advance all Expenses incurred by or on behalf of any director in connection with any proceeding in which such director is involved by reason of such director's status as a current or former director of the Corporation within ten (10) days after the receipt by the Corporation of a written statement from such director requesting such advance or advances from time to time, whether prior to or after final disposition of such proceeding. Such statement or statements shall reasonably evidence the expenses incurred by such director and shall be preceded or accompanied by an undertaking by or on behalf of such director to repay any such expenses so advanced if it shall ultimately be determined that such director is not entitled to be indemnified against such expenses.

(b) If a claim for advancement of expenses hereunder by a director is not paid in full by the Corporation within 10 days after receipt by the Corporation of documentation of expenses and the required undertaking, such director may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and if successful in whole or in part, such director shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such advancement of expenses under this Article VIII shall not be a defense to the action and shall not create a presumption that such advancement is not permissible. The burden of proving that a director is not entitled to an advancement of expenses shall be on the Corporation.

(c) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the director has not met any applicable standard for indemnification set forth in the Delaware Statute.

Section 6. Advancement of Expenses to Officers and Non-Officer Employees.

(a) The Corporation may, at the discretion of the Board, advance any or all expenses incurred by or on behalf of any officer or employee of the Corporation in connection with any proceeding in which such is involved by reason of the status of such officer or employee as an officer employee or director of the Corporation upon the receipt by the Corporation of a statement or statements from such officer or employee requesting such advance or advances from time to time, whether prior to or after final disposition of such proceeding. Such statement or statements shall reasonably evidence the expenses incurred by such officer or employee and shall be preceded or accompanied by an undertaking by or on behalf of such to repay any expenses so advanced if it shall ultimately be determined that such officer or employee is not entitled to be indemnified against such expenses.

(b) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the officer or employee has not met any applicable standard for indemnification set forth in the Delaware Statute.

Section 6. Non-Exclusivity.

The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

Section 7. Insurance.

The Board may authorize, by a vote of the majority of the full Board, the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of this Article.

Section 8. Continuation of Indemnification and Advancement of Expenses.

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

Section 9. Severability.

If any word, clause or provision of this Article or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. Intent of Article.

The intent of this Article is to provide for indemnification and advancement of expenses to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware. To the extent that such Section or any successor section may be amended or supplemented from time to time, this Article shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

Section 11. Definition of the Corporation.

For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

Section 12. Definitions.

For purposes of this Article VIII, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes

duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 13. Amendment or Repeal.

Any repeal or modification of the foregoing provisions of this Article VIII shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

Section 14. Contractual Nature of Rights.

(a) The foregoing provisions of this Article VIII shall be deemed to be a contract between the Corporation and each director and officer entitled to the benefits hereof at any time while this Article VIII is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.

(b) If a claim for indemnification hereunder by a director or officer is not paid in full by the Corporation within 60 days after receipt by the Corporation of a written claim for indemnification, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, such director or officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such indemnification under this Article IX shall not be a defense to the action and shall not create a presumption that such indemnification is not permissible. The burden of proving that a director or officer is not entitled to indemnification shall be on the Corporation

(c) In any suit brought by a director or officer to enforce a right to indemnification hereunder, it shall be a defense that such director or officer has not met any applicable standard for indemnification set forth in the Delaware Statute.

ARTICLE IX - CERTAIN TRANSACTIONS

Section 1. Transactions with Interested Parties.

Except as required by law, no contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction or solely because the votes of such director or officer are counted for such purpose, if:

(a) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders

Section 2. Quorum.

Except as required by law, common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

ARTICLE X - MISCELLANEOUS

Section 1. Facsimile Signatures.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-Laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal.

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 3. Reliance upon Books, Reports and Records.

Each director, each member of any committee designated by the Board, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person’s professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. Fiscal Year.

Except as otherwise determined by the Board of Directors from time to time, the fiscal year of the Corporation shall end on the last day of December of each year.

Section 5. Time Periods.

In applying any provision of these By-Laws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE X
AMENDMENTS

These By-Laws may be amended, added to, rescinded or repealed by the stockholders or by the Board, when such power is conferred upon the Board by the Certificate, at any meeting of the stockholders or of the Board, provided notice of the proposed change was given in the notice of the meeting or, in the case of a meeting of the Board, in a notice given not less than two (2) days prior to the meeting.

Exhibit 4.2

Execution Version

VROOM, INC.

EIGHTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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EIGHTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS EIGHTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT is made as of the 21st day of November, 2019, by and among **VROOM, INC.**, a Delaware corporation (the "**Company**"), each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**", and each of the stockholders listed on Schedule B hereto, each of whom is referred to herein as a "**Key Holder**".

RECITALS

WHEREAS, the Company, certain of the Investors and certain additional investors, as set forth in Schedule A hereto (the "**Series H Investors**"), are parties to the Series H Preferred Stock Purchase Agreement of even date herewith (the "**Purchase Agreement**"), pursuant to which the Series H Investors have agreed to purchase shares of Series H Preferred Stock;

WHEREAS, to further induce the Series H Investors to invest funds in the Company pursuant to the Purchase Agreement, the Investors, the Key Holders and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register shares of Common Stock issued or issuable to them and certain other matters as set forth herein;

WHEREAS, a Seventh Amended and Restated Investors' Rights Agreement, dated as of October 19, 2018, was entered into by and among (i) the persons specified on Schedule A hereto as holders of Series A Preferred Stock, holders of Series B Preferred Stock, holders of Series C Preferred Stock, holders of Series D Preferred Stock, holders of Series E Preferred Stock, holders of Series F Preferred Stock and holders of Series G Preferred Stock, (ii) the Key Holders specified on Schedule B hereto and (iii) the Company (as amended, the "**Original IRA**"); and

WHEREAS, pursuant to Section 6.6 of the Original IRA, the Original IRA may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the Company and holders of at least a majority of the Preferred Stock (as defined herein) then outstanding, which majority shall include the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock and of at least sixty percent (60%) of the outstanding shares of Series D Preferred Stock.

NOW, THEREFORE, THE PARTIES HEREBY AGREE TO AMEND AND RESTATE THE ORIGINAL IRA TO READ IN ITS ENTIRETY AS FOLLOWS:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Agreement:

(a) "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer or director of such Person or any venture capital or other investment fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company or investment advisor with, such Person. For purposes of this Agreement, so long as CPS Managers Master Fund L.P. and CPS Holdings (US) L.P. hold any Capital Stock, each of CPS Managers Master Fund L.P. and CPS Holdings (US) L.P. shall be deemed to be an Affiliate of General Catalyst Group VII, L.P.

(b) "**AutoNation**" means AutoNation, Inc. and its wholly-owned subsidiaries, including the AutoNation Investor.

(c) "**AutoNation Investor**" means Auto Holdings, LLC.

(d) "**Capital Stock**" means (a) shares of Common Stock and Preferred Stock (in each case whether now outstanding or hereafter issued in any context), (b) shares of Common Stock issued or issuable upon conversion of Preferred Stock and (c) shares of Common Stock issued or issuable upon exercise or conversion, as applicable, of stock options, warrants or other convertible securities of the Company, in each case now owned or subsequently acquired by any Key Holder, any Investor, or their respective successors or permitted transferees or assigns. For purposes of the number of shares of Capital Stock held by an Investor or Key Holder (or any other calculation based thereon), all shares of Preferred Stock shall be deemed to have been converted into Common Stock at the then applicable conversion ratio.

(e) "**Cascade Investor**" means Cascade Investment, L.L.C.

(f) "**Charter**" means the Company's Amended and Restated Certificate of Incorporation, as in effect from time to time.

(g) "**Common Stock**" means shares of the Company's common stock, par value $0.001 per share.

(h) "**Competitor**" means a Person engaged, directly or indirectly (including through any partnership, limited liability company, corporation, joint venture or similar arrangement (whether now existing or formed hereafter)), in the sale of previously owned cars, but shall not include (i) any financial investment firm or collective investment vehicle that, together with its Affiliates, holds less than 20% of the outstanding equity of any Competitor and does not, nor do any of its Affiliates, have a right to designate any members of the Board of Directors of any Competitor, (ii) AutoNation, (iii) the T. Rowe Price Investors or (iv) the Durable Capital Investor.

(i) "**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

(j) "**Derivative Securities**" means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Common Stock, including options and warrants.

(k) "**Durable Capital Investor**" means Durable Capital Master Fund LP.

(l) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(m) "**FOIA Party**" means a Person that, in the reasonable determination of the Board of Directors, may be subject to, and thereby required to disclose non-public information furnished by or relating to the Company under, the Freedom of Information Act, 5 U.S.C. 552 ("**FOIA**"), any state public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement.

(n) "**Form S 3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(o) "**GAAP**" means generally accepted accounting principles in the United States.

(p) "**Holder**" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.11 hereof.

(q) "**Immediate Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

(r) "**Initial Offering**" means the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act.

(s) "**New Securities**" means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities.

(t) "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

(u) "**Preferred Stock**" means collectively, shares of the Company's Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and Series H Preferred Stock.

(v) "**Registrable Securities**" means (i) the Common Stock issuable or issued upon conversion of the Preferred Stock of the Company ("**Preferred Registrable Securities**"), (ii) any Common Stock held by the Investors (other than any such Common Stock issued upon conversion of Preferred Stock of the Company), (iii) other than with respect to Subsection 1.2, the Common Stock issued to or beneficially owned, within the meaning of Section 13(d) of the Exchange Act, by any Key Holder (other than any such Common Stock issued upon conversion of Preferred Stock of the Company ("**Key Holder Registrable Securities**") and (iv) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, the shares referenced in (i), (ii) or (iii) above, excluding in all cases, however, any Registrable Securities sold in a transaction in which rights under this Section 1 are not assigned pursuant to Subsection 6.1 and excluding for purposes of Section 1 any shares for which registration rights have terminated pursuant to Subsection 1.14 of this Agreement. The number of shares of "Registrable Securities" outstanding shall be determined by the number of shares of Common Stock outstanding and/or issuable pursuant to then exercisable or convertible securities that are Registrable Securities. The term "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

(w) "**Restricted Securities**" means the securities of the Company required to bear the legend set forth in Subsection **(b)2.2** hereof.

(x) "**Required Vote**" means the affirmative vote of each of (A) the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock, voting as a single class, and (B) the holders of at least sixty percent (60.0%) of the outstanding shares of Series D Preferred Stock, voting as a single class.

(y) "**SEC**" means the Securities and Exchange Commission.

(z) "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

(aa) "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

(bb) "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(cc) "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 1.7.

(dd) "**Series A Preferred Stock**" means shares of the Company's Series A Preferred Stock, par value $0.001 per share.

(ee) "**Series B Director**" means any director of the Company that the holders of record of the Series B Preferred Stock are entitled to elect pursuant to the Charter.

(ff) "**Series B Preferred Stock**" means shares of the Company's Series B Preferred Stock, par value $0.001 per share.

(gg) "**Series C Director**" means any director of the Company that the holders of record of the Series C Preferred Stock are entitled to elect pursuant to the Charter.

(hh) "**Series C Preferred Stock**" means shares of the Company's Series C Preferred Stock, par value $0.001 per share.

(ii) "**Series D Preferred Stock**" means shares of the Company's Series D Preferred Stock, par value $0.001 per share.

(jj) "**Series E Preferred Stock**" means shares of the Company's Series E Preferred Stock, par value $0.001 per share.

(kk) "**Series F Preferred Stock**" means shares of the Company's Series F Preferred Stock, par value $0.001 per share.

(ll) "**Series G Preferred Stock**" means shares of the Company's Series G Preferred Stock, par value $0.001 per share.

(mm) "**Series H Preferred Stock**" means shares of the Company's Series H Preferred Stock, par value $0.001 per share.

(nn) "**Significant Investor**" means any Investor that, individually or together with such Investor's Affiliates, holds at least 2,000,000 shares of Capital Stock (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof).

(oo) "**Stockholder**" means any holder of Capital Stock who is a party to this Agreement.

(pp) "**T. Rowe Price**" means T. Rowe Price Associates, Inc. and any successor or affiliated registered investment advisor to the T. Rowe Price Investors.

(qq) "**T. Rowe Price Investors**" means the Investors that are advisory or sub-advisory clients of T. Rowe Price with respect to holding shares of the Company. For the sake of clarity, as of the date hereof, the T. Rowe Price Investors are designated as such on Schedule A attached hereto.

(rr) "**Voting Agreement**" means the Company's Eighth Amended and Restated Voting Agreement, dated as of the date hereof, as the same may be amended, restated, supplemented or otherwise modified from time to time.

1.2 Request for Registration.

(a) Subject to the conditions of this Section 1.2, if the Company shall receive at any time during the period of five (5) years from the effective date of the Initial Offering, a written request from the Holders holding at least twenty percent (20%) of the Preferred Registrable Securities then outstanding (the "**Initiating Holders**") that the Company file a registration statement under the Act covering the registration of Preferred Registrable Securities with an anticipated aggregate offering price of at least $5,000,000, then the Company shall, within twenty (20) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 1.2, use its reasonable best efforts to effect, as soon as practicable, the registration under the Act of all Preferred Registrable Securities that the Holders request to be registered in a written request received by the Company within twenty (20) days of the mailing of the Company's notice pursuant to this Section 1.2(a).

(b) If the Initiating Holders intend to distribute the Preferred Registrable Securities covered by their request by means of an underwritten public offering, they shall so advise the Company as a part of their request made pursuant to this Section 1.2 and the Company shall include such information in the written notice required pursuant to Section 1.2(a). In such event, the right of any Holder to include its Preferred Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwritten public offering and the inclusion of such Holder's Preferred Registrable Securities in the underwritten public offering (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwritten offering shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by a majority in interest of the Initiating Holders (which underwriter or underwriters shall be reasonably acceptable to the Company). Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Company that marketing factors require a limitation of the number of securities underwritten (including Preferred Registrable Securities), then the Company shall so advise all Holders of Preferred Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwritten public offering shall be first allocated to the holders of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock and Series B Preferred Stock that would otherwise be underwritten pursuant hereto on a pro rata basis based on the number of shares of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock and Series B Preferred Stock held by all such Holders, calculated on an as-converted basis (including the Initiating Holders); any remaining number of shares that may be included in the underwritten public offering shall be allocated to the other Holders on a pro rata basis based on the number of Preferred Registrable Securities held by all such Holders (including the Initiating Holders). Any Preferred Registrable Securities excluded or withdrawn from such underwritten public offering shall be withdrawn from the registration.

(c) The Company shall not be required to effect a registration pursuant to this Section 1.2:

(i) in any jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, unless the Company is already subject to service in such jurisdiction, and except as may be required under the Securities Act; or

(ii) with respect to registration pursuant to Sections 1.2(a)-(b), after the Company has effected two (2) registrations pursuant to Sections 1.2(a)-(b) and such registrations have been declared or ordered effective; or

(iii) if the Initiating Holders, together with the Holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Preferred Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $5,000,000; or

(iv) during the period beginning sixty (60) days prior to the Company's good faith estimate of the date of the filing of the registration statement relating to the Initial Offering and ending (A) one hundred eighty (180) days following the effective date of such registration statement; or (B) ninety (90) days following the effective date of each other Company initiated registration subject to Section 1.3 below, provided that the Company is actively using reasonable efforts to cause such registration statement to become effective; or

(v) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 1.2 a certificate signed by the Company's Chief Executive Officer or Chairman of the Company's Board of Directors (the "**Board**"), stating that in the good faith judgment of the Board, it would be seriously detrimental to the Company for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders, provided that such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period.

1.3 Company Registration.

(a) If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Securities Act in connection with the public offering of such securities (other than (i) a registration relating solely to the sale of securities to participants in a Company stock plan, (ii) a registration relating to a corporate reorganization or other transaction listed in SEC Rule 145; and (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after delivery of such notice by the Company in accordance with Section 6.5, the Company shall, subject to the provisions of Section 1.3(c), use all reasonable efforts to cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration.

(b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.3 prior to the effectiveness of such registration, regardless of whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 1.7 hereof.

(c) Underwriting Requirements. In connection with any underwritten public offering of shares of the Company's capital stock pursuant to Section 1.3, the Company shall not be required under this Section 1.3 to include any of the Holders' securities in such offering unless such Holder accepts the terms of the underwriting, as agreed upon between the Company and the underwriters selected by the Company and enters into an underwriting agreement in customary form with the underwriter or underwriters selected by the Company, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by Stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, that the underwriters determine in their sole discretion will not jeopardize the success of the offering. In no event shall any Registrable Securities be excluded from such offering unless all other stockholders' securities have been first excluded. In the event that the underwriters determine that less than all the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be apportioned first pro rata among the selling holders of Series H Preferred Stock, Series G Preferred Stock, Series F Preferred Stock, Series E Preferred Stock, Series D Preferred Stock, Series C Preferred Stock and Series B Preferred Stock, second pro rata among the selling holders of Series A Preferred Stock, third pro rata among the selling Key Holders on the basis of their relative ownership of Key Holder Registrable Securities and thereafter any remaining Registrable Securities that are included in such offering (if any) shall be apportioned pro rata among the selling Holders or in such other proportions as shall mutually be agreed to by such selling Holders. Notwithstanding the foregoing, in no event shall the amount of securities of the selling Holders included in the offering be reduced below thirty percent (30%) of the total amount of securities included in such offering, unless such offering is the Initial Offering, in which case the selling Holders may be excluded if the underwriters make the determination described above and no other stockholder's securities are included in such offering. For purposes of the preceding sentence concerning apportionment, for any selling stockholder that is a Holder of Registrable Securities and that is a venture capital, private equity or other investment fund, partnership, limited liability company or corporation, the affiliated venture capital, private equity or other investment funds, partners, members, retired partners, retired members and stockholders of such Holder, or the estates and family members of any such partners, members and retired partners, retired members and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of Registrable Securities owned by all such related entities and individuals. For this purpose, the T. Rowe Price Investors shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of Registrable Securities owned by all entities and individuals included in such "selling Holder," as defined in this sentence.

1.4 Form S 3 Registration. In case the Company shall receive from Holders holding at least ten percent (10%) of the Registrable Securities then outstanding (the "**S-3 Initiating Holders**") a written request or requests that the Company effect a registration on Form S 3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company shall:

(a) within twenty (20) days after receipt of any such request, give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) use its reasonable best efforts to effect, as soon as practicable, such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such S-3 Initiating Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 1.4:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the S-3 Initiating Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $1,000,000;

(iii) if the Company shall furnish to the S-3 Initiating Holders a certificate signed by the Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board, it would be seriously detrimental to the Company for such Form S 3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S 3 registration statement for a period of not more than ninety (90) days after receipt of the request of the S-3 Initiating Holder or Holders under this Section 1.4; *provided*, *however*, that the Company shall not utilize this right more than once in any twelve (12) month period;

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form S 3 for the Holders pursuant to this Section 1.4; or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this Section 1.4 shall not be counted as requests for registration effected pursuant to Section 1.2 unless the S-3 Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwritten public offering.

1.5 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its reasonable best efforts to cause such registration statement to become effective, and, upon the request of the Holders holding at least a majority of the Registrable Securities registered thereunder, keep such registration statement effective (i) for a period of up to one hundred and twenty (120) days, (ii) in the event of a Form S-3 registration, for a period of up to two hundred and seventy (270) days or, (iii) in either case, if earlier, until the distribution contemplated in the Registration Statement has been completed, *provided*, *however*, that the Company may suspend sales at any time under the registration statement immediately upon notice to the selling Holders or their assigns if there then exists material, non-public information relating to the Company which, in the reasonable good faith opinion of the Board would be seriously detrimental to the Company to disclose during that time;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement;

(c) furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(d) use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act or the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(g) cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed;

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(i) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(j) After such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus;

(k) cause senior representatives of the Company to participate in any "road show" or "road shows" reasonably requested by any underwriter of an underwritten or "best efforts" offering of Registrable Securities; and

(l) furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Agreement, (i) on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Agreement, if such securities are being sold through underwriters, or (ii) if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

1.6 Information from Holder. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be reasonably required to effect the registration of such Holder's Registrable Securities.

1.7 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings or qualifications pursuant to Sections 1.2, 1.3 and 1.4, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one counsel for all selling Holders shall be borne and paid by the Company. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 or Section 1.4 if the registration request is subsequently withdrawn at the request of the Initiating Holders or the S-3 Initiating Holders, as applicable, holding a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be requested in the withdrawn registration), *provided*, *however*, that in the case of a registration requested under Section 1.2(a), if the Holders holding a majority of the Preferred Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 1.2(a), the Company shall be required to pay any such expenses; *provided*, *however*, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any expenses and shall retain their rights pursuant to Section 1.2 or 1.4. All Selling Expenses relating to Registrable Securities registered pursuant to this Section 1 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

1.8 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.9 Indemnification. In the event that any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, the partners, members or officers, directors and stockholders of each Holder, legal counsel, accountants and investment advisors for each selling Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act (a "**Holder Indemnitee**"), against any Damages; and the Company will reimburse each such Holder Indemnitee promptly upon demand for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; *provided*, *however*, that the indemnity agreement contained in this Subsection l.9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable for any Damages in any such case to a Holder Indemnitee to the extent that it arises out of or is based upon a violation that occurs in reliance

upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Persons expressly for use in connection with such registration statement by such Holder Indemnitee; *provided further*, however, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Holder Indemnitee, from whom the person asserting any such losses, claims, damages or liabilities purchased shares in the offering, if a copy of the prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Holder Indemnitee, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the shares to such person, and if the prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

(b) To the extent permitted by law, each selling Holder will severally, and not jointly, indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any Damages to the extent that such Damages arise out of or are based upon any violation, in each case to the extent (and only to the extent) that such violation occurs in reliance upon and in conformity with written information furnished by or on behalf of such Holder expressly for use in connection with such registration statement; and each such Holder will reimburse any person intended to be indemnified pursuant to this Subsection l.9(b), for any legal or other expenses reasonably incurred by such person in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; *provided*, *however*, that the indemnity agreement contained in this Subsection l.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld), *provided* that in no event shall any indemnity under this Subsection l.9(b), when combined with any amounts paid pursuant to Subsection 1.9(d) below, exceed the gross proceeds from the offering (less underwriter's commissions and discounts) received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.9 of notice of the commencement of any action (including any governmental action) involving the subject matter of the foregoing indemnity provisions, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided*, *however*, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonable fees and expenses thereof to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the

indemnified party under this Section 1.9 except to the extent such delay is materially prejudicial to its ability to defend such action, and the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.9(c). No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(d) If the indemnification provided for in this Section 1.9 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall, subject to the limitation set forth in this Section 1.9(d), contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. Notwithstanding anything to the contrary contained herein, in no event shall the contribution obligation of any Holder set forth in this Section 1.9(d), when combined with any amounts paid or payable by such Holder pursuant to Subsection 1.9(b) above, exceed the gross proceeds from the offering received by such Holder (less underwriter's commissions and discounts), except in the case of willful misconduct or fraud by such Holder. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offer, the obligations of the Company and Holders under this Section 1.9 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise shall survive the termination of this Agreement.

1.10 Reports Under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S 3, the Company agrees to:

(a) make and keep adequate current public information available, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the Initial Offering;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S 3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company with the SEC, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to such form (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

1.11 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations and together with the transfer of the Registrable Securities) by a Holder to a transferee or assignee of such securities; *provided*: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing, in a form reasonably satisfactory to the Company, to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 1.13 below; and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Securities Act.

1.12 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the holders of a majority of the Preferred Stock outstanding, including a Required Vote, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (a) to include such securities in any registration filed under Sections 1.2, 1.3 and 1.4 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the amount of the Registrable Securities of the Holders that are included or (b) to demand registration of their securities.

1.13 "Market Stand Off" Agreement. Each Stockholder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Initial Offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days) (the "**Restricted Period**") (i) lend, offer, pledge, sell, contract to sell, sell any option

or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock held immediately before the effective date of the registration statement for the Initial Offering, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise (the "**Lock-Up**"). The foregoing provisions of this Section 1.13 (A) shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, (B) shall not apply to any shares of Common Stock acquired in the Initial Offering or in the open market after the Initial Offering and (C) shall only be applicable to the Stockholders if all officers, directors and greater than one percent (1%) stockholders of the Company enter into similar agreements. The underwriters in connection with the Initial Offering are intended third party beneficiaries of this Section 1.13 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. In addition, at the underwriters' request, each Stockholder shall enter into a lock-up agreement in customary form reflecting the provisions of this Section 1.13.

In order to enforce the foregoing covenant, the Company may impose stop transfer instructions with respect to the Registrable Securities of each Stockholder (and the shares or securities of every other person subject to the foregoing restriction, including the Key Holders) until the end of such period.

If any of the obligations described in this Section 1.13 are waived or terminated with respect to any of the securities of any such Stockholder, officer, director or greater than one-percent stockholder (in any such case, the "**Released Securities**"), the foregoing provisions shall be waived or terminated, as applicable, to the same extent and with respect to the same percentage of securities of each Stockholder as the percentage of Released Securities represent with respect to the securities held by the applicable Stockholder, officer, director or greater than one-percent stockholder.

Each Stockholder agrees that a legend reading substantially as follows shall be placed on all certificates representing all Registrable Securities of each Stockholder (and the shares or securities of every other person subject to the restriction contained in this Section 1.13):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD AFTER THE EFFECTIVE DATE OF THE ISSUER'S REGISTRATION STATEMENT FILED UNDER THE ACT, AS AMENDED, OR AFTER ANY SUBSEQUENT OFFERINGS AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE ISSUER'S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

1.14 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 1 after the earlier of (i) the date that is five (5) years following the consummation of the Initial Offering and (ii) as to any Registrable Securities held by the Investors, any time after the Initial Offering when such Registrable Securities may be sold in any 90-day period without registration and without regard to volume and manner of sale limitation (and, if and to the extent that the Company is in breach of Subsection 1.10 above, without the requirement for the Company to be in compliance with the current public information required under Rule 144(c)(1)) in compliance with Rule 144 promulgated under the Act.

2. Restrictions on Transfer.

2.1 Reserved.

2.2 Restrictions on Transfer.

(a) The Capital Stock shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Stockholder will cause any proposed purchaser, pledgee, or transferee of the Capital Stock held by such Stockholder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement. Notwithstanding the foregoing, the Company shall not require any transferee of Capital Stock pursuant to an effective registration statement under the Securities Act or, following the Initial Offering, SEC Rule 144 to be bound by the terms of this Agreement.

(b) Each certificate or instrument representing (i) Capital Stock, and (ii) any other securities issued in respect of the securities referenced in clause (i), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.2(c)) be stamped or otherwise imprinted with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Stockholders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.2.

(c) The holder of each certificate representing Restricted Securities, by acceptance thereof, agrees to comply in all respects with the provisions of this Section **2**. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction or, following the Initial Offering, the transfer is made pursuant to SEC Rule 144, the Stockholder thereof shall give notice to the Company of such Stockholder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Stockholder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Stockholder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Stockholder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144 or (y) in any transaction in which such Stockholder distributes Restricted Securities to an Affiliate of such Stockholder for no consideration; provided that, with respect to transfers under the foregoing clause (y), each transferee agrees in writing to be subject to the terms of this Subsection **2.2**. Each certificate or instrument evidencing the Restricted Securities transferred as above provided shall bear, except if such transfer is made pursuant to SEC Rule 144 or pursuant to an effective registration statement, the appropriate restrictive legend set forth in Subsection 2.2**(b)**, except that such certificate shall not bear such restrictive legend if, in the opinion of counsel for such Stockholder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

3. Information Rights; Observer Rights.

3.1 Delivery of Financial Statements. The Company shall deliver to (i) each Key Holder and/or each Investor beneficially holding (calculated on the basis of Section 13 of the Exchange Act) at least two percent (2%) of the Capital Stock then issued and outstanding (treating the Preferred Stock on an as converted basis), (ii) each T. Rowe Price Investor beneficially holding any Capital Stock, (iii) the Durable Capital Investor so long as it holds any Capital Stock, (iv) any Investor designated by the Company as an Eligible Investor (each recipient in clause (i), (ii), (iii), and (iv) an "**Eligible Investor**"), and (v) Foxhaven Master Fund, LP and Foxway, LP so long as it holds any Capital Stock:

(a) as soon as practicable, but in any event within one hundred eighty (180) days after the end of each fiscal year of the Company, (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and (iii) a statement of stockholders' equity as of the end of such year, all such financial statements audited and certified by independent public accountants of nationally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and of cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of stockholders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) concurrently with the delivery of the financial statements described in Subsections 3.1(a) and 3.1(b), a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the applicable period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Eligible Investors to calculate their respective percentage equity ownership in the Company, and certified by the chief financial officer or chief executive officer of the Company as being true, complete, and correct;

(d) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year (collectively, the "**Budget**"), approved by at least a majority of the Board of Directors, including a Series B Director and a Series C Director, and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company;

(e) with respect to the financial statements called for in Subsection 3.1(a) and Subsection 3.1(b), an instrument executed by the chief financial officer and chief executive officer of the Company certifying that such financial statements were prepared in accordance with GAAP consistently applied with prior practice for earlier periods (except as otherwise set forth in Subsection 3.1(b) and fairly present the financial condition of the Company and its results of operation for the periods specified therein; and

(f) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as any Eligible Investor may from time to time reasonably request; *provided*, *however*, that the Company shall not be obligated under this Subsection 3.1 to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in a form acceptable to the Company) or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

Notwithstanding anything else in this Subsection 3.1 to the contrary, the Company may cease providing the information set forth in this Subsection 3.1 during the period starting with the date thirty (30) days before the Company's good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Subsection 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Inspection. The Company shall permit each Eligible Investor (provided that the Board of Directors has not reasonably determined that such Eligible Investor is a Competitor of the Company), at such Eligible Investor's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Eligible Investor; *provided*, *however*, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 T. Rowe Price and Durable Information Rights. The Company shall promptly and accurately respond, and shall use its best efforts to cause its transfer agent to promptly respond, to requests for information made on behalf of any T. Rowe Price Investor or the Durable Capital Investor relating to (a) accounting or securities law matters required in connection with its audit or (b) the actual holdings of such T. Rowe Price Investor or Durable Capital Investor as applicable, including in relation to the total outstanding shares; provided however, that the Company shall not be obligated to provide any such information that could reasonably result in a violation of applicable law or conflict with the Company's insider trading policy or a confidentiality obligation of the Company. On or prior to the effectiveness of the Initial Offering, the Company shall provide each T. Rowe Price Investor and the Durable Capital Investor written confirmation of its equity holdings in the Company (on an as-converted to Common Stock basis).

3.4 Observer Rights.

(a) As long as the T. Rowe Price Investors collectively own not less than 400,510 shares of Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock, Series G Preferred Stock and/or Series H Preferred Stock (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof) (or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite a representative of T. Rowe Price to attend all meetings of its Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; *provided*, *however*, that such representative shall agree to hold in confidence and trust all information so provided; *and provided further*, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such Investor or its representative is a Competitor of the Company.

(b) The Company shall invite a representative of the Durable Capital Investor to attend all meetings of its Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; *provided, however*, that such representative shall agree to hold in confidence and trust all information so provided; *and provided further*, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such Investor or its representative is a Competitor of the Company.

(c) The Company shall invite one representative of the Cascade Investor to attend (in person or telephonically) all meetings of its Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents and other material that the Company provides to the members of its Board at the same time and in the same manner as provided to such members (except when the representative is excluded from a meeting in order to preserve attorney-client privilege or when the representative's presence would result in a conflict of interest, as set forth below); *provided, however*, that such representative shall agree to hold in confidence and trust all information so provided in accordance with Section 3.6(a) of this Agreement; *and, provided further*, that the representative may be excluded from access to any material or meeting or portion thereof if the Board determines upon advice of counsel that such exclusion is reasonably necessary to preserve the attorney-client privilege between the Company and its counsel, to avoid a conflict of interest between the lawful interests of the Company and/or any of its subsidiaries, on the one hand, and the representative, on the other hand, or to protect highly confidential proprietary information.

3.5 [Reserved]

3.6 Confidentiality.

(a) Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Subsection 3.6 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; *provided, however*, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Capital Stock from such Investor, if such prospective purchaser agrees in writing to be bound by the provisions of this Subsection 3.6; (iii) to any existing or prospective Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, *provided that* such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, court order or an applicable governmental or regulatory body, *provided that* the Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any

such required disclosure. Notwithstanding the foregoing, in the case of any Investor that is (i) a registered investment company within the meaning of the Investment Company Act of 1940, as amended, or (ii) is advised by a registered investment adviser (including T. Rowe Price) or Affiliates thereof, such Investor may identify the Company and the value of such Investor's security holdings in the Company in accordance with applicable investment reporting and disclosure regulations and respond to routine examinations, demands, requests or reporting requirements of a regulator without prior notice to or consent from the Company.

(b) The Company understands and acknowledges that in the regular course of a T. Rowe Price Investor's business, the T. Rowe Price Investor may invest in companies that have issued securities that are publicly traded (each, a "**Public Company**"). Accordingly, the Company covenants and agrees that before providing material non-public information about a Public Company ("**Public Company Information**") to a T. Rowe Price Investor, the Company will provide prior written notice to the following compliance personnel at such Investor describing such information in reasonable detail: Ryan Nolan, Vice President, #########@troweprice.com, ###-###_#### or in his absence to Ellen York, Legal Counsel, #########@troweprice.com, ###-###_####. The Company shall not disclose Public Company Information to such T. Rowe Price Investor without written authorization from such compliance personnel, provided, however, that, the Company will be permitted to disclose agreements entered into with Public Companies in the ordinary course of business, such as routine customer, supplier, advertising and publishing agreements without such written authorization.

(c) The Company understands and acknowledges that AutoNation is in the automotive retail business and may pursue the same or similar investment or business opportunities as the Company, and the Company agrees that nothing in this Agreement shall prohibit AutoNation from pursuing such investment or business opportunities.

(d) The Company understands and acknowledges that the Durable Capital Investor may invest in a Public Company. Accordingly, the Company covenants and agrees that before providing Public Company Information to the Durable Capital Investor the Company will provide prior written notice to the following compliance personnel at such Investor describing such information in reasonable detail: Julie Jack, General Counsel and Chief Compliance Office, #####@durablecap.com. The Company shall not disclose Public Company Information to the Durable Capital Investor without written authorization from such compliance personnel, provided, however, that, the Company will be permitted to disclose agreements entered into with Public Companies in the ordinary course of business, such as routine customer, supplier, advertising and publishing agreements without such written authorization.

4. Rights to Future Stock Issuances.

4.1 Right of First Offer. Subject to the terms and conditions of this Subsection 4.1 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to each Investor and the Key Holders. An Investor shall be entitled to apportion the right of first offer hereby granted to it in such proportions as it deems appropriate, among (i) itself, (ii) its Affiliates and (iii) its beneficial interest holders, such as limited partners, members or any other Person having "beneficial ownership," as such term is defined in Rule 13d-3 promulgated under the Exchange Act, of such Investor ("**Investor**

Beneficial Owners"); *provided that*, each such Affiliate or Investor Beneficial Owner: (x) is not a Competitor or FOIA Party, unless such party's purchase of New Securities is otherwise consented to by the Board of Directors, (y) agrees to enter into this Agreement and each of the Voting Agreement and Right of First Refusal and Co-Sale Agreement of even date herewith among the Company, the Investors and the other parties named therein, as an "**Investor**" under each such agreement (provided that, any Competitor or FOIA Party shall not be entitled to any rights as an Investor under Subsections 3.1, 3.2 and 4.1 hereof), and (z) agrees to purchase Common Stock or other New Securities that are convertible into or the equivalent of at least 50,000 shares of Common Stock.

(a) The Company shall give notice (the "**Offer Notice**") to each Investor and Key Holder, stating (i) its bona fide intention to offer such New Securities, (ii) the number and type of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(b) By notification to the Company within fifteen (15) days after the Offer Notice is given, each Investor and Key Holder may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held, by such Investor or Key Holder bears to the total Common Stock of the Company then outstanding (assuming full conversion and/or exercise, as applicable, of all Preferred Stock and other Derivative Securities). At the expiration of such fifteen (15) day period, the Company shall promptly notify each Investor or Key Holder that elects to purchase or acquire all the shares available to it (each, a "**Fully Exercising Investor**") of any other Investor's and Key Holder's failure to do likewise. During the ten (10) day period commencing after the Company has given such notice, each Fully Exercising Investor may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of shares specified above, up to that portion of the New Securities for which Investors and Key Holders were entitled to subscribe but that were not subscribed for by the Investors and Key Holders which is equal to the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of Preferred Stock and any other Derivative Securities then held, by such Fully Exercising Investor bears to the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held, by all Fully Exercising Investors who wish to purchase such unsubscribed shares. The closing of any sale pursuant to this Subsection 4.1(b) shall occur within the later of ninety (90) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 4.1(c).

(c) If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Subsection 4.1(b), the Company may, during the ninety (90) day period following the expiration of the periods provided in Subsection 4.1(b), offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered or sold unless first reoffered to the Investors and Key Holders in accordance with this Subsection 4.1.

(d) The right of first offer in this Subsection 4.1 shall not be applicable to (i) Exempted Securities (as defined in the Charter); and (ii) shares of Common Stock issued in the Initial Offering.

(e) Notwithstanding anything to the contrary in this Section 4, the rights in this Section 4 shall not be extended to any Investor or Key Holder that is not an "accredited investor" as such term is defined in the Securities Act. Nothing in this paragraph (e) shall affect the rights of any accredited investor.

(f) In the event that the rights of a Significant Investor to purchase New Securities under this Section 4.1 are waived with respect to a particular offering of New Securities without such Investor's prior written consent (a "**Waived Investor**") and any Investor that participated in waiving such rights actually purchases New Securities in such offering, then the Company shall grant, and hereby grants, each Waived Investor the right to purchase, in a subsequent closing of such issuance on substantially the same terms and conditions, the same percentage of its full pro rata share of such New Securities as the highest percentage of any such purchasing Investor.

5. Additional Covenants.

5.1 Insurance. The Company currently maintains, from financially sound and reputable insurers, Directors and Officers liability insurance in the amount of at least $5,000,000, and it shall use its commercially reasonable efforts to obtain, within sixty (60) days after the date hereof, term "key person" insurance on Mr. Paul J. Hennessy, in an amount and on terms and conditions satisfactory to the Board of Directors, and it will use its commercially reasonable efforts to cause such insurance policies to be maintained until such time as the Board of Directors determines that such insurance should be discontinued. The key person policies shall name the Company as loss payee, and neither the D&O insurance policy nor the "key person" insurance policies shall be cancelable by the Company without prior approval by the Board of Directors.

5.2 Employment Agreements. It is acknowledged that the Company has entered into agreements which include non-competition covenants with each of Kevin Westfall, Marshall Chesrown, Elie Wurtman, Allon Bloch, Michael Welch, Richard Williams and Paul J. Hennessy. The Company shall not amend, modify, terminate, waive, or otherwise alter, in whole or in part, any of the non-competition covenants in the above-referenced agreements without the consent of a Series C Director.

5.3 Employee Stock. Except as otherwise approved by the Board of Directors, including a Series B Director and a Series C Director, all future employees and consultants of the Company who purchase, receive options to purchase, or receive awards of shares of the Company's capital stock after the date hereof shall be required to execute restricted stock or option agreements, as applicable, providing for (i) vesting of the shares or options over a four (4) year period, with the first twenty-five percent (25%) of such shares vesting following twelve (12) months of continued employment or service, and the remaining shares vesting in equal monthly

installments over the following thirty-six (36) months, and (ii) a market stand-off provision substantially similar to that in Subsection 1.13. In addition, unless otherwise approved by at least a majority of the Board of Directors, including a Series B Director and a Series C Director, the Company shall retain a "right of first refusal" on employee transfers of subject shares until the Initial Offering and shall have the right to repurchase unvested shares at cost upon termination of employment of a holder of restricted stock.

5.4 Board Matters.

(a) The Company shall reimburse the directors for all reasonable out-of-pocket travel expenses incurred in connection with attending meetings of the Board of Directors (consistent with a travel policy to be mutually agreed upon by the Company and CGP2 Zoom Holding, L.P.). The Company shall maintain a compensation committee, which shall consist solely of non-management directors, with the compensation committee comprised as set forth in Section 5.4(c). Each non-employee director shall be entitled in such person's discretion to be a member of any Board committee.

(b) Consent of a majority of the Board of Directors, which majority shall include a Series B Director and a Series C Director, shall be required for approval of the incurrence of any new indebtedness (other than debt incurred for the sole purpose of acquiring vehicle inventory, which debt was also approved as part of the Budget).

(c) The Board of Directors shall establish a compensation committee comprised as provided in the Company's Voting Agreement. Approval of the Compensation Committee shall be required for any issuance of options or other equity awards and/or any changes to the compensation of any Key Holder, including, but not limited to, the determination of bonuses and establishment of criteria for bonuses.

5.5 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction, whether such obligations are contained in the Company's Bylaws, its Charter as then in effect, or elsewhere, as the case may be.

5.6 Selection of Auditors. The Company's selection of a nationally recognized independent public accounting firm as its independent auditors shall be subject to the approval by the Investors representing the holders of at least fifty percent (50%) of the shares of Common Stock issued or issuable upon conversion of the Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, voting together as a single class.

5.7 Indemnification Matters. The Company hereby acknowledges that one (1) or more of the directors nominated to serve on the Board of Directors by the Investors (each a "**Fund Director**") may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Investors and certain of their affiliates (collectively, the "**Fund Indemnitors**"). The Company hereby agrees (a) that it is the indemnitor of first resort (*i.e.*,

its obligations to any such Fund Director are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Fund Director are secondary), (b) that it shall be required to advance the full amount of expenses incurred by such Fund Director and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of any such Fund Director to the extent legally permitted and as required by the Charter or Bylaws of the Company (or any agreement between the Company and such Fund Director), without regard to any rights such Fund Director may have against the Fund Indemnitors, and (c) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of any such Fund Director with respect to any claim for which such Fund Director has sought indemnification from the Company shall affect the foregoing and the fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Fund Director against the Company.

5.8 Preferred Stock Protective Provision regarding President and CEO. So long as CGP2 Zoom Holding, L.P. and/or CGP2 Lone Star, L.P. remain(s) entitled to designate a director of the Company that the holders of record of the Series C Preferred Stock and the Series D Preferred Stock are entitled to elect pursuant to the Charter, the Company hereby covenants and agrees with each of the Investors that it shall not hire a new Chief Executive Officer or a new President without written consent of the holders of 70% of the issued and outstanding Preferred Stock, voting together as a separate class (on an as-converted basis), unless such hire shall have been approved by the Board, including the affirmative vote of a Series C Director.

5.9 FCPA. The Company agrees that it shall not (and shall not permit any of its subsidiaries or affiliates or any of its or their respective directors, officers, managers, employees, independent contractors, representatives or agents to) promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, to any third party, including any Non-U.S. Official (as such term is defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**")), in each case, in violation of the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further agrees that it shall (and shall cause each of its subsidiaries and affiliates to) cease all of its or their respective activities, as well as remediate any actions taken by the Company, it subsidiaries or affiliates, or any of their respective directors, officers, managers, employees, independent contractors, representatives or agents in violation of the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further agrees that it shall (and shall cause each of its subsidiaries and affiliates to) maintain systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. Upon request, the Company agrees to provide responsive information and/or certifications concerning it compliance with applicable anti-corruption laws. The Company shall promptly notify each Investor if the Company becomes aware of any Enforcement Action (as defined in the Purchase Agreement). The Company shall, and shall cause any direct or indirect subsidiary or entity controlled by it, whether now in existence or formed in the future, to comply with the FCPA. The Company shall use its best efforts to cause any direct or indirect subsidiary, whether now in existence or formed in the future, to comply in all material respects with all applicable laws.

5.10 Regulatory Compliance. Promptly after the date hereof, the Company shall take commercially reasonable steps (which shall include, without limitation, engaging an advisor with significant experience with federal and state consumer finance, automobile dealer and other relevant consumer protection laws and regulations) to (1) undertake an analysis and/or survey of consumer protection laws, regulations, licensing, registration and similar requirements that are or may be applicable to the Company and its subsidiaries and the conduct and operation of the business of the Company and its subsidiaries as presently conducted and as proposed to be conducted and (2) implement a course of action to ensure substantial compliance with applicable laws, regulations, licensing, registration and similar requirements, including, without limitation, federal and state consumer finance, automobile dealer and other relevant consumer protection laws and regulations. The Company shall keep the Eligible Investors generally informed of the status of its undertakings pursuant to the foregoing clauses (1) and (2) by providing periodic updates to the Eligible Investors; *provided, however*, that the Company shall not be obligated under this Section 5.10 to provide information the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

5.11 Durable Consent to Deemed Liquidation Event. For so long as the Durable Capital Investor and/or its Affiliates holds at least 937,740 shares of Series H Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series H Preferred Stock), without the prior written approval of the Durable Capital Investor, the Company shall not, other than as required by its obligations under Section 3.5 of the Voting Agreement, consummate a Series H Company Sale that would result in the holders of Series H Preferred Stock receiving an amount deemed paid or distributed (calculated in accordance with Section B.2 of Article Fourth of the Charter) per share of Series H Preferred Stock that is less than $27.19305 (subject to appropriate adjustment in the event of a stock split, stock dividend, combination, reclassification or similar event affecting the Series H Preferred Stock), disregarding any consideration that is placed into escrow or subject to contingencies. For purposes of this Section 5.11, a "**Series H Company Sale**" means a Sale of the Company (as defined in the Voting Agreement (as in effect on the date hereof)); provided, that, for purposes of this definition only, any of the transactions described in Section 2.3.1 of Article Fourth of the Charter as in effect from time to time shall be treated as a Deemed Liquidation Event (as defined in the Charter) whether or not certain stockholders of the Company elect not to treat such transaction as a Deemed Liquidation Event pursuant to the first sentence of Section 2.3.1 of Article Fourth of the Charter.

5.12 Termination of Covenants. The covenants set forth in Sections 3.1, 3.2, 3.3, 3.4, 4 and 5 hereof, except for Subsections 5.5 and 5.7 and 5.11, shall terminate and be of no further force or effect (i) immediately before the consummation of the Initial Offering or when the Company first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the Exchange Act, or (ii) upon a Deemed Liquidation Event, as such term is defined in the Charter, whichever event occurs first; *provided*, *however*, that Sections 3.1 and 3.2 shall not terminate upon a Deemed Liquidation Event unless the consideration to be received by the Investors is solely in the form of cash and/or marketable securities.

6. Miscellaneous.

6.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Capital Stock that (i) is an Affiliate of a Holder; (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds at least 2% shares of Capital Stock (subject to appropriate adjustment for stock splits, stock dividends, combinations, and other recapitalizations) or, if less, all of the Capital Stock held by such Holder; *provided, however*, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Capital Stock with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement. For the purposes of determining the number of shares of Capital Stock held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2 Governing Law; Jurisdiction. This Agreement shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within Delaware. The parties hereto agree to submit to the exclusive jurisdiction of the United States federal and state courts of the State of Delaware with respect to the breach or interpretation of this Agreement or the enforcement of any and all rights, duties, liabilities, obligations, powers, and other relations between the parties arising under this Agreement.

6.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business

hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A or Schedule B (as applicable) hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Subsection 6.5. If notice is given to the Company, it shall be sent to 1375 Broadway, 11th Floor, New York, NY 10018, Attention: General Counsel; and a copy (which shall not constitute notice) shall also be sent to Finn Dixon & Herling LLP, Six Landmark Square, Stamford, CT 06901-2704, Attention: Marcia C. Sugrue, fax no. (203) 325-5001, and if notice is given to the Holders, a copy shall also be given to Meitar Liquornik Geva Leshem Tal, 16 Abba Hillel Silver Street, Ramat Gan, Israel, attn: David S. Glatt, fax no. 972 3 610 3632 and to Finn Dixon & Herling LLP, Six Landmark Square, Stamford, CT 06901-2704, Attention: Michael J. Herling, Esq., fax no. (203) 325-5001.

6.6 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the holders of at least a majority of the Preferred Stock then outstanding, which majority shall include the Required Vote other than to the extent reasonably necessary to make any purchasers of Next Round Financing Shares (as defined in the Company's Certificate of Incorporation in effect as of the date hereof) parties hereto as "Investors" and to include as "Preferred Stock" any Next Round Financing Shares issued in the Next Round Financing (as defined in the Company's Certificate of Incorporation in effect as of the date hereof) and any rights, preferences and privileges afforded to the holders of such Next Round Financing Shares; *provided that* the Company may in its sole discretion waive compliance with Subsection 2.2(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Subsection 2.2(c) shall be deemed to be a waiver); *and provided further* that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, (A) this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to any Investor or Key Holder without the written consent of such Investor or Key Holder, unless such amendment, termination, or waiver applies to all Investors and Key Holders in the same fashion (subject to Subsection 4.1(f), it being agreed that a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all Investors and Key Holders in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Investors or Key Holders may nonetheless, by agreement with the Company, purchase securities in such transaction); (B) Sections 1.13, 3.1, 3.2, 3.3, 3.4(a), 3.6 and/or 5.12 of this Agreement may not be amended or terminated and the observance of any term hereof may not be waived in a manner that is materially adverse to a T. Rowe Price Investor without the prior written consent of the T. Rowe Price Investors holding at least a majority of the shares of Series C Preferred Stock, shares of Series D Preferred Stock, shares of Series E Preferred Stock, shares of Series F Preferred Stock, shares of Series G Preferred Stock, and shares of Series H Preferred Stock, determined on an as-converted basis, held by the T. Rowe Price Investors; (C) Section 3.6(c) of this Agreement may not be amended or terminated and the observance of any term thereof may not be waived in any manner that is materially adverse to the AutoNation Investor without the prior written consent

of the AutoNation Investor; and (D) Sections 3.1, 3.2, 3.3, 3.4(b), 3.6(d), 5.11 and/or 5.12 of this Agreement may not be amended or terminated and the observance of any term hereof may not be waived in a manner that is materially adverse to the Durable Capital Investor without the prior written consent of the Durable Capital Investor. The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Subsection 6.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

6.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8 Aggregation of Stock. All shares of Capital Stock held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

6.9 Entire Agreement; Restatement of Existing IRA. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled. Upon the effectiveness of this Agreement, the Original IRA shall be deemed amended and restated and superseded and replaced in its entirety by this Agreement, and shall be of no further force or effect.

6.10 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.11 Acknowledgment. The Company acknowledges that the Investors are in the business of venture capital investing and therefore review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investors from investing or participating in any particular enterprise whether or not such enterprise has products or services which compete with those of the Company.

6.12 WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.13 ADDITIONAL PARTIES. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of Preferred Stock to any Person or additional shares of Common Stock to a Person that shall be deemed a Key Holder under this Agreement after the date hereof, any purchaser of such shares of Preferred Stock or Common Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an “Investor” or “Key Holder”, as applicable, for all purposes hereunder. No action or consent by the Investors or Key Holders shall be required for such joinder to this Agreement by such additional Investor or Key Holder, so long as such additional Investor or Key Holder has agreed in writing to be bound by all of the obligations as an “Investor” or “Key Holder”, as applicable, hereunder. The Company shall be authorized to amend Schedule A or Schedule B attached hereto, as applicable, to reflect the addition of any such additional Investor or Key Holder.

6.14 Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, each Investor shall be entitled to specific performance of the agreements and obligations of the Company hereunder and to such other injunction or other equitable relief as may be granted by a court of competent jurisdiction.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

VROOM, INC.

By: /s/ Paul J. Hennessy
Name: Paul J. Hennessy
Title: President

KEY HOLDERS:

/s/ Kevin Westfall
Kevin Westfall*

/s/ Marshall Chesrown
Marshall Chesrown*

Allon Bloch*

/s/ Elie Wurtman
Elie Wurtman*

Michael D. Welch

Chiron RCAF, LLC

By: /s/ Rick Williams
Name:
Title:

/s/ Paul J. Hennessy
Paul J. Hennessy

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

CGP2 Zoom Holding, L.P.

By: /s/ Michael Farello
Name:
Title:

CGP2 Lone Star, L.P.

By: /s/ Michael Farello
Name:
Title:

LCGP3 Accelerator, L.P.

By: /s/ Michael Farello
Name:
Title:

Address (For each of the above):

c/o Catterton Management Company, L.L.C.
599 West Putnam Avenue
Greenwich, Connecticut 06830

With a copy (which shall not constitute effective notice) to:

Finn Dixon & Herling LLP
Six Landmark Square
Stamford, Connecticut 06901
Attn: Michael J. Herling

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

General Catalyst Group VII, L.P.

By: General Catalyst Partners VII, L.P.
its General Partner

By: General Catalyst GP VII, LLC
its General Partner

By: /s/ Christopher McCain
Name: Christopher McCain
Title: Chief Legal Officer

Address:
c/o General Catalyst Partners
20 University Road, Suite 450
Cambridge, MA 02138
Attn: Christopher McCain, Chief Legal Officer

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

T. ROWE PRICE NEW HORIZONS FUND, INC.
T. ROWE PRICE NEW HORIZONS TRUST
T. ROWE PRICE U.S. EQUITIES TRUST
MASSMUTUAL SELECT FUNDS - MASSMUTUAL SELECT T. ROWE PRICE SMALL AND MID CAP BLEND FUND
Each account, severally and not jointly

By: T. Rowe Price Associates, Inc., Investment Adviser or Subadviser, as applicable

By: /s/ Alex Rock
Name: Alex Rock
Title: Vice President

Address:
T. Rowe Price Associates, Inc.
100 East Pratt Street
Baltimore, MD 21202
Attn.: Andrew Baek, Vice President
Phone: [xxx]
E-mail: [xxx]

With a copy (which shall not constitute effective notice) to:

Greenberg Traurig, LLP
One International Place
Boston, MA 02110
Attention: Bradley Jacobson

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

T. ROWE PRICE SMALL-CAP STOCK FUND, INC.
T. ROWE PRICE INSTITUTIONAL SMALL-CAP STOCK FUND
T. ROWE PRICE PERSONAL STRATEGY INCOME FUND
T. ROWE PRICE PERSONAL STRATEGY BALANCED FUND
T. ROWE PRICE PERSONAL STRATEGY GROWTH FUND
T. ROWE PRICE MODERATE ALLOCATION PORTFOLIO (*FORMERLY KNOWN AS T. ROWE PRICE PERSONAL STRATEGY BALANCED PORTFOLIO*)
U.S. SMALL-CAP STOCK TRUST
VALIC COMPANY I - SMALL CAP FUND
TD MUTUAL FUNDS - TD U.S. SMALL-CAP EQUITY FUND
T. ROWE PRICE U.S. SMALL-CAP CORE EQUITY TRUST
MINNESOTA LIFE INSURANCE COMPANY
COSTCO 401(K) RETIREMENT PLAN
MASSMUTUAL SELECT FUNDS - MASSMUTUAL SELECT T. ROWE PRICE SMALL AND MID CAP BLEND FUND
Each account, severally and not jointly

By: T. Rowe Price Associates, Inc., Investment Adviser or Subadviser, as applicable

By: /s/ Alex Rock
Name: Alex Rock
Title: Vice President

Address:
T. Rowe Price Associates, Inc.
100 East Pratt Street
Baltimore, MD 21202
Attn.: Andrew Baek, Vice President
Phone: [xxx]
E-mail: [xxx]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

T. ROWE PRICE COMMUNICATIONS & TECHNOLOGY FUND, INC.
TD MUTUAL FUNDS - TD GLOBAL ENTERTAINMENT & COMMUNICATIONS FUND (*FORMERLY KNOWN AS TD MUTUAL FUNDS - TD ENTERTAINMENT & COMMUNICATIONS FUND*)
Each account, severally and not jointly

By: T. Rowe Price Associates, Inc., Investment Adviser or Subadviser, as applicable

By: /s/ Paul D. Greene
Name: Paul D. Greene
Title: Vice President

Address:
T. Rowe Price Associates, Inc.
100 East Pratt Street
Baltimore, MD 21202
Attn.: Andrew Baek, Vice President
Phone: [xxx]
E-mail: [xxx]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

Rosenbloom Holdings LP

By: _____
Name:
Title:

Address:

_____

_____
Rohan Oza

Address: [xxx]

/s/ Michael Rapoport
Michael Rapoport

Address: [xxx]

/s/ Harry Wagner
Harry Wagner

Address: [xxx]

/s/ Paul J. Hennessy
Paul J. Hennessy

Address: [xxx]

INVESTORS:

PICO Venture Partners LP

By: /s/ Elie Wurtman
Name:
Title:

Address:

_____

PICO Co-Investments I, LLC

By: /s/ Elie Wurtman
Name:
Title:

Address:

_____

PICO Co-Investments II, LLC

By: /s/ Elie Wurtman
Name:
Title:

Address:

PICO Acquisition Co., LLC

By: /s/ Elie Wurtman
Name:
Title:

Address:

_____

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

Allen Partners Fund I LP

By: /s/ Peter Dilorio
Name: Peter Dilorio
Title:

Address:

The NP 2003 Family Trust

By: /s/ Anastasios Parafestas
Name: Anastasios Parafestas
Title: Co-Trustee

Address: [xxx]

Alpha Venture Partners Fund, LP

By:
Name:
Title:

Address:

Galaxiar Shine Consultancy Limited

By:
Name:
Title:

Address:

INVESTORS:

Autumnkingdom Limited

By:
Name:
Title:

Address:

Ucalee Management Ltd.

By:
Name:
Title:

Address:

GUTTS LLC

By:
Name:
Title:

Address:

Cosfam 2012 Trust

By:
Name:
Title:

Address: [xxx]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

DG 2015 Investments LLC

By: _____
Name:
Title:

Address:

Pierce Family Trust Dated 9/13/00

By: /s/ Pierce Family Trust Dated 9/13/00
Name: Pierce Family Trust Dated 9/13/00
Title:

Address: [xxx]

Jeffrey Sperbeck 2012 Revocable Trust

By: /s/ Jeffrey M. Sperbeck
Name: Jeffrey M. Sperbeck
Title:

Address: [xxx]

WBI, LP

By: _____
Name:
Title:
Address:

INVESTORS:

451 AUAM 2 LLC

By: /s/ Lois Hager
Name: Lois Hager
Title:

Address:

451 We Room LLC

By: /s/ Lois Hager
Name: Lois Hager
Title:

Address:

LKBW Partners, LLC (also a Key Holder)

By: /s/ Elie Wurtman
Name: Elie Wurtman
Title:

Address:

/s/ David W. Freelove
David W. Freelove
Address:

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

/s/ Jeff Springer
Jeff Springer

Address: [xxx]

/s/ Steve Rosdal
Steve Rosdal

Address: [xxx]

Paul Lobato

Address: [xxx]

Jason Eiswerth

Address: [xxx]

/s/ Craig Andrisen
Craig Andrisen

Address: [xxx]

/s/ William D. Moreland
William D. Moreland

Address: [xxx]

INVESTORS:

Genesis Opportunity Fund LP

By: /s/ Genesis Opportunity Fund LP
Name: Jaime Hartman
Title: Managing Member

Address:

Genesis Asset Opportunity Fund LP

By: /s/ Genesis Opportunity Fund LP
Name: Jaime Hartman
Title: Managing Member

Address:

G-TEN Partners LLC

By: /s/ G-TEN Partners LLC
Name: Jaime Hartman
Title: Managing Member

Address:

HUG Funding LLC

By: /s/ HUG Funding LLC
Name: Jaime Hartman
Title: Managing Member

Address:

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

Mark Baum Trust Dated 5/17/2011

By: /s/ Mark Baum Trust Dated 5/17/2011
Name:
Title:

Address: [xxx]

The Beadore Trust dated March 20, 2015

By: /s/ The Beadore Trust Dated March 20, 2015
Name: Mark L. Baum
Title: Co-Trustee

By: /s/ The Beadore Trust Dated March 20, 2015
Name: Emily C. Baum
Title: Co-Trustee

Address: [xxx]

Altimeter Private Partners Fund II, LP

By: Altimeter Private General Partner II, LLC
Its: General Partner

By: /s/ John J. Kiernan III
Name: John J. Kiernan III
Title: Member

Address:

Aldy Corporation

By:
Name:
Title:

Address:

INVESTORS:

Annox Capital, LLC

By: /s/ Robert J. Mylod, Jr.
Name: Robert J. Mylod, Jr.
Title:

Address:
c/o Annox Capital Management
40701 Woodward Ave., Suite 101
Bloomfield Hills, MI 48304

/s/ Robert J. Mylod, Jr.
Robert J. Mylod, Jr.

Brothers Brook, LLC

By:
Name: Jeff Boyd
Title:

Address:
One Canterbury Green
201 Broad Street, 14th Floor
Stamford, CT 06901

John A. Elway Revocable Trust

By: /s/ John A. Elway Revocable Trust
Name:
Title:

Address: [xxx]

/s/ Faris Rahman
Faris Rahman

Address: [xxx]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

Foxhaven Master Fund, LP

By:Foxhaven Asset Management LP
Its: Investment Manager

By: Piedmont P&L, LLC
Its: General Partner

By: /s/ Nicholas Lawler
Name: Nicholas Lawler
Title: Managing Member

Address:
c/o Foxhaven Asset Management, LP
550 E. Water Street, Suite 888
Charlottesville, VA 22902

Foxway, LP

By: Foxhaven Asset Management LP
Its: Investment Manager

By: Piedmont P&L, LLC
Its: General Partner

By: /s/ Nicholas Lawler
Name: Nicholas Lawler
Title: Managing Member

Address:
c/o Foxhaven Asset Management, LP
550 E. Water Street, Suite 888
Charlottesville, VA 22902

BCM X4 Holdings, LLC

By: /s/ Michael Rapoport
Name:
Title:

Address:

INVESTORS:

MSR Global Limited

By: _____
Name:
Title:

Address:

Gold Lion Holdings Limited

By: _____
Name:
Title:

Address:

Eastermore LLC

By: _____
Name:
Title:

Address:

Foxlane, LP

By: /s/ Nicholas Lawler
Name: Nicholas Lawler
Title:

Address:
c/o Foxhaven Asset Management, LP
550 E. Water Street, Suite 888
Charlottesville, VA 22902

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

PICO Co-Investments III, LLC

By: /s/ Elie Wurtman
Name:
Title:

Address:

PICO Co-Investments III-A, LLC

By: /s/ Elie Wurtman
Name:
Title:

Address:

/s/ Clayton DeGiacinto
Clayton DeGiacinto

Address: [xxx]

/s/ Roy Rodriguez
Roy Rodriguez

Address: [xxx]

INVESTORS:

451WE VROOM LLC

By: /s/ Lois Hager
Name: Lois Hager
Title:

Address:

Eastward Investors, LLC

By:
Name:
Title:

Address:

/s/ Richard Loshiavo
Richard Loshiavo

Address: [xxx]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

451WE VROOM 2 LLC

By: /s/ Lois Hager
Name: Lois Hager
Title:
Address:

BCM V3, LLC

By: /s/ Michael Rapoport
Name: Michael Rapoport
Title: Managing Member

Address:

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

Cascade Investment, L.L.C.

By: /s/ Michael Larson
Name: Michael Larson
Title: Business Manager

Address: _____

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

Infinity Particles, LTD

By: _____
Name:
Title:

Address:

_____

_____

Fraser McCombs Ventures II L.P.

By: _____
Name:
Title:

Address:

_____

_____

Vroom Investment LLC

By: _____
Name:
Title:

Address:

_____

_____

/s/ Ketan Mehta
Ketan Mehta

Address:

_____

_____

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

2005 Scarpa Family Trust (also as a Common/Series A/Key Stockholder)

By: /s/ Michael P. Haney, Trustee
Name: Michael P. Haney, Trustee
Title:

Address: [xxx]

Barnet Development Corporation (also as a Common/Series A/Key Stockholder)

By: _____
Name:
Title:

Address:

_____

CTE, LLC (also as a Common/Series A/Key Stockholder)

By: _____
Name:
Title:

Address:

_____

David A. Thor Revocable Trust (also as a Common/Series A/Key Stockholder)

By: _____
Name:
Title:

Address: [xxx]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

Edward N. Antoian (also as a Common/Series A/Key Stockholder)

Address: [xxx]

Investments AKA LLC (also as a Common/Series A/Key Stockholder)

By: _____
Name:
Title:

Address:

Jeffrey O'Donnell (also as a Common/Series A/Key Stockholder)

Kathleen O'Donnell (also as a Common/Series A/Key Stockholder)

Address: [xxx]

JEG 2012 Trust (also as a Common/Series A/Key Stockholder)

By: _____
Name:
Title:

Address: [xxx]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

Kathleen Azeez Restated Revocable Trust (also as a Common/Series A/Key Stockholder)

By: /s/ Kathleen Azeez Restated Revocable Trust
Name: Kathleen Azeez Restated Revocable Trust
Title:

Address: [xxx]

Sidney Azeez Trust for the Family of Michael Azeez Opportunity Trust (also as a Common/Series A/Key Stockholder)

By: /s/ Sidney Azeez Trust for the Family of Michael Azeez Opportunity Trust
Name: Sidney Azeez Trust for the Family of Michael Azeez Opportunity Trust
Title:

Address: [xxx]

NFI Real Estate, LLC (also as a Common/Series A/Key Stockholder)

By:
Name:
Title:

Address:

/s/ Norborne Gee Smith
Norborne Smith III (also as a Common/Series A/Key Stockholder)

Address: [xxx]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

Richard Kienzle (also as a Common/Series A/Key Stockholder)

Cynthia Kienzle (also as a Common/Series A/Key Stockholder)

Address: [xxx]

Richard W. Clark Family Tr Est FBO Duane B. Clark
(also as a Common/Series A/Key Stockholder)

By: _____
Name:
Title:

Address: [xxx]

Richard W. Clark Family Tr Est FBO Richard A. Clark
(also as a Common/Series A/Key Stockholder)

By: _____
Name:
Title:

Address: [xxx]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

Richard W. Gray III Living Trust (also as a Common/Series A/Key Stockholder)

By: /s/ Richard W. Gray
Name: Richard W. Gray
Title:

Address: [xxx]

Stefanie M. Graf (also as a Common/Series A/Key Stockholder)

Address: [xxx]

/s/ Jason Port
Jason Port

Address: [xxx]

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

AUTO HOLDINGS, LLC

By: /s/ C. Coleman Edmunds
Name: C. Coleman Edmunds
Title: President and Secretary

Address:

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

KAR Auction Services, Inc.

By: _____
Name: Eric Loughmiller
Title: Chief Financial Officer

Address:

_____

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

ZCA PRIVATE INVESTMENTS FUND, L.P.

By: _____
Name:
Title:

Address:

_____

451WE VROOM3 LLC

By: /s/ Lois Hager
Name: Lois Hager
Title:

Address:

_____

DURABLE CAPITAL MASTER FUND LP

By: Durable Capital Associates LLC, its general partner

By: /s/ Michael Blandino
Name: Michael Blandino
Title: Authorized Person

Address:
5425 Wisconsin Avenue
Suite 802
Chevy Chase, MD 20815
Attn: Julie Jack, General Counsel

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

Michael B. Lowenstein Revocable Trust

By: /s/ Michael B. Lowenstein
Name: Michael B. Lowenstein
Title: Trustee of the Michael B. Lowenstein Revocable Trust

Address:
c/o Kensico Capital Management
55 Railroad Ave., 2nd Floor, Greenwich, CT 06830

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

Meridian Growth Fund

By: its Investment Adviser
ArrowMark Colorado Holdings, LLC

By: /s/ David Corkins
Name: David Corkins
Title: Managing Member

AP Investment Series, LLC

By: /s/ David Corkins
Name: David Corkins
Title: Managing Member

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

KCVC II LLC

By: /s/ Conrad Rademeyer & Gregoire Lartigue
Name: Conrad Rademeyer & Gregoire Lartigue
Title: Authorised Signatories of Manager of KCVC II LLC

Address:
c/o Guardian Trust Company Limited
116 Rue du Rhone, 12BL, Geneva
Switzerland

IN WITNESS WHEREOF, the parties have executed this Eighth Amended and Restated Investors' Rights Agreement as of the date first written above.

Holman Strategic Investments, LLC

By: /s/ William Cariss
Name: William Cariss
Title: President

Address:
Holman Strategic Investments, LLC t/a Holman Strategic Ventures
4001 Leadenhall Road
Mount Laurel, NJ 08054
Attention: Chief Financial Officer, Holman Enterprises

COUNTERPART SIGNATURE PAGE AND JOINDER
TO
EIGHTH AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT
(the "Joinder")

Reference is hereby made to that certain Eighth Amended And Restated Investors' Rights Agreement, dated as of November 21, 2019 (as amended, the "**IRA**"), by and among Vroom Inc., a Delaware corporation (the "**Company**"), the Investors (as defined therein), and Key Holders (as defined therein).

Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the IRA.

1. General. Pursuant to Section 6.13 of the IRA, the undersigned (the "**Investor**") hereby agrees that, by its execution of this Joinder the undersigned shall become a party to the IRA, effective as of the date hereof, in the capacity of an Investor, shall be deemed an original party thereto and shall be entitled to all of the benefits under, and shall be subject to all of the obligations, restrictions and limitations set forth in, the IRA that are applicable to all other Investors.

Investor:

CPS HOLDINGS (US) L.P.

By: /s/ Seleena R. Goel
Name: Seleena R. Goel
Title: Vice President of CPS Holdings (US) GP LLC, the general partner of CPS Holdings (US) L.P.

Address for Notices:
c/o Kohlberg Kravis Roberts & Co. L.P.
9 West 57th Street
New York, New York 10019

Date: December 5, 2019

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

COUNTERPART SIGNATURE PAGE AND JOINDER
TO
EIGHTH AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT
(the "Joinder")

Reference is hereby made to that certain Eighth Amended And Restated Investors' Rights Agreement, dated as of November 21, 2019 (as amended, the "**IRA**"), by and among Vroom Inc., a Delaware corporation (the "**Company**"), the Investors (as defined therein), and Key Holders (as defined therein).

Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the IRA.

1. General. Pursuant to Section 6.13 of the IRA, the undersigned (the "**Investor**") hereby agrees that, by its execution of this Joinder the undersigned shall become a party to the IRA, effective as of the date hereof, in the capacity of an Investor, shall be deemed an original party thereto and shall be entitled to all of the benefits under, and shall be subject to all of the obligations, restrictions and limitations set forth in, the IRA that are applicable to all other Investors.

Investor:

CPS MANAGERS MASTER FUND L.P.

By: /s/ Seleena R. Goel
Name: Seleena R. Goel
Title: Vice President of CPS GP Limited, the general partner of CPS Associates L.P., the general partner of CPS Managers Master Fund L.P.

Address for Notices:
c/o Kohlberg Kravis Roberts & Co. L.P.
9 West 57th Street Suite 4200
New York, New York 10019

Date: December 5, 2019

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

COUNTERPART SIGNATURE PAGE AND JOINDER
TO
EIGHTH AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT
(the "Joinder")

Reference is hereby made to that certain Eighth Amended And Restated Investors' Rights Agreement, dated as of November 21, 2019 (as amended, the "**IRA**"), by and among Vroom Inc., a Delaware corporation (the "**Company**"), the Investors (as defined therein), and Key Holders (as defined therein).

Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the IRA.

1. General. Pursuant to Section 6.13 of the IRA, the undersigned (the "**Investor**") hereby agrees that, by its execution of this Joinder the undersigned shall become a party to the IRA, effective as of the date hereof, in the capacity of an Investor, shall be deemed an original party thereto and shall be entitled to all of the benefits under, and shall be subject to all of the obligations, restrictions and limitations set forth in, the IRA that are applicable to all other Investors.

2. Eligible Investor. In accordance with Section 3.1 of the IRA, the Company hereby designates the Investor as an Eligible Investor for all purposes of the IRA.

3. Competitor. The Company hereby acknowledges and agrees that none of the Affiliates and Investor Beneficial Owners of the Investor shall be considered a "Competitor" for purposes of the IRA.

Investor:

IRONSIDES DIRECT INVESTMENT FUND V, L.P.
By: Ironsides V GP, LLC, its general partner

By: /s/ Daniel M. Cahill
Name: Daniel M. Cahill
Title: Authorized Signatory

Address for Notices:
c/o Constitution Capital Partners
300 Brickstone Sq., Suite 1001
Andover, MA 01810
Telephone: [xxx]
Email: [xxx]

Date: December 5, 2019

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

COUNTERPART SIGNATURE PAGE AND JOINDER
TO
EIGHTH AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT
(the "Joinder")

Reference is hereby made to that certain Eighth Amended And Restated Investors' Rights Agreement, dated as of November 21, 2019 (as amended, the "**IRA**"), by and among Vroom Inc., a Delaware corporation (the "**Company**"), the Investors (as defined therein), and Key Holders (as defined therein).

Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the IRA.

1. General. Pursuant to Section 6.13 of the IRA, the undersigned (the "**Investor**") hereby agrees that, by its execution of this Joinder the undersigned shall become a party to the IRA, effective as of the date hereof, in the capacity of an Investor, shall be deemed an original party thereto and shall be entitled to all of the benefits under, and shall be subject to all of the obligations, restrictions and limitations set forth in, the IRA that are applicable to all other Investors.

Investor:

MADRONE OPPORTUNITY FUND, L.P.
by its General Partner:

Madrone Capital Partners, LLC

By: /s/ [Illegible]
Name:
Title: Managing Member

Address for Notices:
[xxx]

Date: December 5, 2019

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

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Investor:

PICO CO-INVESTMENTS, LLC

By: /s/ Todd Kesselman
Name: Todd Kesselman
Title:

Address for Notices:
[xxx]

Date: December 5, 2019

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

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2. Eligible Investor. In accordance with Section 3.1 of the IRA, the Company hereby designates the Investor as an Eligible Investor for all purposes of the IRA.

Investor:

SCHF (M) PV, L.P.
By: SCHF (GPE), LLC, its general partner

By: /s/ Irwin Gross
Name: Irwin Gross
Title: Managing Member

Address for Notices:
[xxx]

Date: December 5, 2019

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

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Investor:

SCHF CIF, L.P. – CIF 2019-A SERIES
By: SCHF (GPE), LLC, its general partner

By: /s/ Irwin Gross
Name: Irwin Gross
Title: Managing Member

Address for Notices:
[xxx]

Date: December 5, 2019

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

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Investor:

By: /s/ Matthew Malagari
Name: Matthew Malagari
Title:

Address for Notices:

Date: January 8, 2020

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

COUNTERPART SIGNATURE PAGE AND JOINDER
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Investor:

By: /s/ Scott Bacigalupo
Name: Scott Bacigalupo
Title:

Address for Notices:

Date: January 8, 2020

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

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Investor:

By: /s/ John Griffen
Name: John Griffen
Title:

Address for Notices:

Date: January 8, 2020

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

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Investor:

By: /s/ Kaveh Khosrowshahi
Name: Kaveh Khosrowshahi
Title:

Address for Notices:

Date: January 8, 2020

RECEIPT ACKNOWLEDGED:

VROOM INC.

By: /s/ Paul Hennessy
Name: Paul Hennessy
Title: Chief Executive Office

VROOM, INC.

SECOND AMENDED & RESTATED 2014 EQUITY INCENTIVE PLAN
Adopted by the Board of Directors and approved by Shareholders on November 12, 2014
as
amended on June 8, 2016
Termination Date: November 12, 2024

1. PURPOSES.

(a) Eligible Stock Award Recipients. The persons generally eligible to receive Stock Awards are the Employees, Directors and Consultants (subject to the specific requirements applicable to individual Stock Awards under Section 5, herein) of the Company and its Affiliates (provided that, for purposes of determining eligibility to receive Stock Awards, if a more restrictive definition of the term "Affiliate" is required by any particular jurisdiction in which a Stock Award is granted than "Affiliate" is defined herein, the restrictive definition shall apply).

(b) Available Stock Awards. The purpose of the Plan is to provide a means by which eligible recipients of Stock Awards may be given an opportunity to benefit from increases in value of the Common Stock through the granting of the following Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) stock bonuses, (iv) stock purchases, (v) stock units, (vii) stock appreciation rights, and (viii) other stock-based awards.

(c) General Purpose. The Company, by means of the Plan, seeks to retain the services of the group of persons eligible to receive Stock Awards, to secure and retain the services of new members of this group and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates.

2. DEFINITIONS.

"Affiliate" means any entity that is controlled, controlled by or under common control with the Company; provided, however that for purposes of determining whether an individual is eligible to receive an Incentive Stock Option the term "Affiliate" shall mean only a parent corporation or subsidiary corporation of the Company, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means a committee of one or more members of the Board appointed by the Board in accordance with subsection 3(c).

"Common Stock" means the common stock of the Company.

"Company" means Vroom, Inc. (previously known as AutoAmerica, Inc.), a Delaware corporation.

"Consultant" means any person, including an advisor, (i) engaged by the Company or an Affiliate to render consulting or advisory services and who is compensated for such services or (ii) who is a member of the Board of Directors of an Affiliate. However, the term "Consultant" shall not include either Directors who are not compensated by the Company for their services as Directors or Directors who are merely paid a director's fee by the Company for their services as Directors.

"Continuous Service" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. The Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's Continuous Service. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or a Director will not constitute an interruption of Continuous Service. The Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave.

"Covered Employee" means those individuals who are "Covered Employees" pursuant to Section 162(m)(3) of the Code and the regulations and guidance promulgated thereunder.

"Director" means a member of the Board of Directors of the Company.

"Disability" means the permanent and total disability of a person within the meaning of Section 22(e)(3) of the Code.

"Employee" means any person employed by the Company or an Affiliate as determined pursuant to Code Section 3401(c) and the regulations thereunder. Mere service as a Director or payment of a director's fee by the Company or an Affiliate shall not be sufficient to constitute "employment" by the Company or an Affiliate.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, as of any date, the value of the Common Stock determined as follows:

If the Common Stock is listed on any established stock exchange, the Fair Market Value of a share of Common Stock shall be the official closing sales price for such stock as quoted on such exchange (or the exchange with the greatest volume of trading in the Common Stock) on the last market trading day prior to the day of determination.

In the absence of such a public trading market for the Common Stock, the Fair Market Value shall be determined in good faith by the Board in accordance with Section 409A of the Code and the regulations and other guidance promulgated thereunder.

"Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

"Listing" means when securities of the Company are listed (or approved for listing) upon notice of issuance on any securities exchange or are designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system

"Listing Date" means the first date upon which a Listing occurs.

"Non-Employee Director" means a Director who either (i) is not a current Employee or Officer of the Company or its parent or a subsidiary, does not receive compensation (directly or indirectly) from the Company or its parent or a subsidiary for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act ("Regulation S-K")), does not possess an interest in any other transaction as to which disclosure would be required under Item 404(a) of Regulation S-K and is not engaged in a business relationship as to which disclosure would be required under Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

"Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

"Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

"Option" means an Incentive Stock Option or a Nonstatutory Stock Option granted pursuant to the Plan.

"Option Agreement" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an individual Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

"Optionholder" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

"Outside Director" means a Director who either (i) is not a current employee of the Company or an "affiliated corporation" (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an "affiliated corporation" receiving compensation for prior services (other than benefits under a tax qualified pension plan), was not an officer of the Company or an "affiliated corporation" at any time and is not currently receiving direct or indirect remuneration from the Company or an "affiliated corporation" for services in any capacity other than as a Director or (ii) is otherwise considered an "outside director" for purposes of Section 162(m) of the Code.

"Participant" means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

"Plan" means this Amended and Restated Vroom, Inc. 2014 Equity Incentive Plan.

"Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

"Securities Act" means the Securities Act of 1933, as amended.

"Stock Award" means any right granted under the Plan, including an Option, a stock bonus, a stock purchase, a stock unit, a stock appreciation right, or any other stock-based award granted hereunder

"Stock Award Agreement" means a written agreement between the Company and a holder of a Stock Award evidencing the terms and conditions of an individual Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

"Ten Percent Shareholder" means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any of its Affiliates.

3. ADMINISTRATION.

(a) Administration by Board. The Board shall administer the Plan unless and until the Board delegates administration to a Committee, as provided in subsection 3(c).

(b) Powers of Board. In addition to those powers specified elsewhere, the Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time which of the persons eligible under the Plan shall be granted Stock Awards; when and how each Stock Award shall be granted; what type or combination of types of Stock Award shall be granted; the provisions of each Stock Award granted (which need not be identical), including the time or times when a person shall be permitted to receive Common Stock pursuant to a Stock Award; and the number of shares of Common Stock with respect to which a Stock Award shall be granted to each such person.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iii) To amend the Plan or a Stock Award as provided in Section 13.

(iv) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company which are not in conflict with the provisions of the Plan.

(c) Delegation to Committee.

(i) General. The Board may delegate administration of the Plan to a Committee of two (2) or more members of the Board, one of whom shall be the Series B Director (as defined in the Amended and Restated Voting Agreement dated November 12, 2014 by and between the Company and the other parties thereto. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board or the Committee. The term "**Committee**" as used in the remainder of this Plan shall refer to such Committee or to the Board if no Committee has been appointed. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

(ii) Committee Composition when Common Stock is Publicly Traded. At such time as the Common Stock is publicly traded, the Committee shall be intended to consist solely of two or more Outside Directors, in accordance with Section 162(m) of the Code, who are also Non-Employee Directors, in accordance with Rule 16b-3. The Committee may (1) delegate to a committee of one or more members of the Board who are not Outside Directors the authority to grant Stock Awards to eligible persons who are not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Stock Award and (2) delegate to a committee of one or more members of the Board who are not Non-Employee Directors the authority to grant Stock Awards to eligible persons who are not then subject to Section 16 of the Exchange Act.

(d) Delegation to Employees. The Committee may delegate ministerial, non- discretionary functions to individuals who are officers or employees of the Company or any of its Affiliates or to third parties.

(e) Reliance on Experts. In making any determination or in taking or not taking any action under this Plan, the Committee may obtain and may rely upon the advice of experts, including employees of and professional advisors to the Company. No director, officer or agent of the Company or any of its Affiliates shall be liable for any such action or determination taken or made or omitted in good faith.

(f) Effect of Committee's Decision/Indemnification. All determinations, interpretations and constructions made by the Committee in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons. Neither the Committee, nor any person(s) or subcommittee acting at the direction thereof shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any Option), and all such persons shall be entitled indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

4. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to the provisions of Section 12 relating to adjustments upon changes in Common Stock, the Common Stock that may be issued pursuant to Stock Awards shall not exceed in the aggregate 4,731,730 shares of Common Stock.

(b) Reversion of Shares to the Share Reserve. Unless otherwise specifically provided in the applicable Stock Award Agreement delivered to Participant, if any Stock Award shall for any reason expire or otherwise terminate, in whole or in part, without having been exercised in full, the shares of Common Stock not acquired under such Stock Award shall revert to and again become available for issuance under the Plan.

(c) Source of Shares. The shares of Common Stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

5. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to Employees. Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however* that Options may be granted solely to individuals in respect of whom the Company would be an *eligible issuer of service recipient stock*, as such phrase is defined in Treasury Regulation Section 1.409A-1(b)(5)(iii)(E).

(b) Ten Percent Shareholders. A Ten Percent Shareholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value of the Common Stock at the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(c) Section 162(m) Limitation. Subject to the provisions of Section 12 relating to adjustments upon changes in the shares of Common Stock, no Options shall be granted to Covered Employees and individuals who are expected to be Covered Employees at the time of recognition of income resulting from the exercise of such Options, unless the grant of such Options qualifies as qualified performance based compensation pursuant to Treasury Regulations Section 1.162-27(e). This subsection 5(c) shall not apply prior to the Listing Date, and following the Listing Date, this subsection 5(c) shall not apply during the "reliance period" as defined in Treasury Regulations Section 1.162-27(f)(2) so long as the prospectus accompanying the Listing disclosed information concerning this Plan that satisfied all applicable securities laws then in effect.

(d) Consultants.

(i) Prior to the Listing Date, a Consultant shall not be eligible for the grant of a Stock Award if, at the time of grant, either the offer or the sale of the Company's securities to such Consultant is not exempt under Rule 701 of the Securities Act ("Rule 701") because of the nature of the services that the Consultant is providing to the Company, or because the Consultant is not a natural person, or as otherwise provided by Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions.

(ii) From and after the Listing Date, a Consultant shall not be eligible for the grant of a Stock Award if, at the time of grant, a Form S-8 Registration Statement under the Securities Act ("Form S-8") is not available to register either the offer or the sale of the Company's securities to such Consultant because of the nature of the services that the Consultant is providing to the Company, or because the Consultant is not a natural person, or as otherwise provided by the rules governing the use of Form S-8, unless the Company determines both (i) that such grant (A) shall be registered in another manner under the Securities Act (e.g., on a Form S-3 Registration Statement) or (B) does not require registration under the Securities Act in order to comply with the requirements of the Securities Act, if applicable, and (ii) that such grant complies with the securities laws of all other relevant jurisdictions.

(iii) Rule 701 and Form S-8 generally are available to consultants and advisors only if (i) they are natural persons; (ii) they provide bona fide services to the issuer, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the issuer's parent; and (iii) the services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the issuer's securities.

6. OPTION PROVISIONS.

Each Option shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of subsection 5(b) regarding Ten Percent Shareholders, no Incentive Stock Option shall be exercisable after the expiration of ten (10) years from the date it was granted.

(b) Exercise Price of an Incentive Stock Option. Subject to the provisions of subsection 5(b) regarding Ten Percent Shareholders, the exercise price of each Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, an Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) or 409A of the Code.

(c) Consideration. The purchase price of Common Stock acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations, either (i) in cash or check at the time the Option is exercised or (ii) at the discretion of the Committee, at either the time of the grant or exercise of the Option, (1) by delivery to the Company of other Common

Stock, (2) according to a deferred payment or other similar arrangement with the Option holder or (3) in any other form of legal consideration that may be acceptable to the Committee. Unless otherwise specifically provided in the Option, the purchase price of Common Stock acquired pursuant to an Option that is paid by delivery to the Company of other Common Stock acquired, directly or indirectly from the Company, shall be paid only by fully vested shares of the Common Stock of the Company that have been held for more than six (6) months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes).

In the case of any deferred payment arrangement, interest shall be compounded at least annually and shall be charged at the market rate of interest necessary to avoid a charge to earnings for financial accounting purposes and imputation of income to the Optionee.

(d) Transferability of an Incentive Stock Option. An Incentive Stock Option shall not be transferable except from a decedent to an estate or by bequest or inheritance and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

(e) Transferability of a Nonstatutory Stock Option. A Nonstatutory Stock Option shall be transferable to the extent provided in the Option Agreement. If the Nonstatutory Stock Option does not provide for transferability, then the Nonstatutory Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option may, but need not, vest and therefore become exercisable in periodic installments that may, but need not, be equal. The Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Committee may deem appropriate. The vesting provisions of individual Options, as specified in the Grant Notice, may vary. The provisions of this subsection 6(f) are subject to any Option provisions governing the minimum number of shares of Common Stock as to which an Option may be exercised. Unless otherwise determined by the Committee and stated in the Stock Award Agreement, Stock Option Awards and other Stock Awards shall vest and become exercisable under the following schedule: twenty-five percent (25%) of the Shares covered by the Stock Award, on the first anniversary of the vesting commencement date determine by the Committee (and in the absence of such determination, of date on which such Award was granted), and six and one-quarter percent (6.25%) of the shares of Common Stock covered by the Stock Award at the end of each subsequent three-month period thereafter over the course of the following three (3) years; provided that the Participant remains in Continuous Service throughout such vesting dates (“Standard Vesting Schedule”).

(g) Termination of Continuous Service. Except as provided otherwise in the Option Agreement, in the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionholder's Continuous Service (or such longer or shorter period specified in the Option Agreement), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein or as modified by the Option Agreement, the Option shall terminate.

(h) Extension of Termination Date. An Optionholder's Option Agreement may also provide that if the exercise of the Option following the termination of the Optionholder's Continuous Service (other than upon the Optionholder's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option shall terminate on the earlier of (i) the expiration of the term of the Option set forth in subsection 6(a) or (ii) the expiration of a period of three (3) months after the termination of the Optionholder's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements.

(i) Disability of Optionholder. Except as provided otherwise in the Option Agreement, in the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination (or such longer or shorter period specified in the Option Agreement) or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein, the Option shall terminate.

(j) Death of Optionholder. Except as provided otherwise in the Option Agreement, in the event (i) an Optionholder's Continuous Service terminates as a result of the Optionholder's death or (ii) the Optionholder dies within the period (if any) specified in the Option Agreement after the termination of the Optionholder's Continuous Service for a reason other than death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Optionholder's death pursuant to subsection 6(e), but only within the period ending on the earlier of (1) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Option Agreement) or (2) the expiration of the term of such Option as set forth in the Option Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

(k) Early Exercise. The Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Any unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Committee determines to be appropriate.

(l) Right of Repurchase. The Option may, but need not, include a provision whereby the Company may elect, prior to the Listing Date or upon a Participant's termination of Continuous Service with or without cause (as such term is defined in the Option Agreement by the Committee), to repurchase all or any part of the vested shares of Common Stock acquired by the Optionholder pursuant to the exercise of the Option.

(m) Right of First Refusal. The Option may, but need not, include a provision whereby the Company may elect, prior to the Listing Date, to exercise a right of first refusal following receipt of notice from the Optionholder of the intent to transfer all or any part of the shares of Common Stock received upon the exercise of the Option. Except as expressly provided in this subsection 6(m), such right of first refusal shall otherwise comply with any applicable provisions of the Bylaws of the Company.

(n) Exercise Procedure. Any vested and exercisable Option will be deemed to be exercised when the Company receives a Notice of Exercise from a Participant, on the form and in such manner as may be required by the Committee, together with any required payment made in accordance with Section 6(c), herein, and the Grant Notice.

(o) Re-Load Options.

Without in any way limiting the authority of the Committee to make or not to make grants of Options hereunder, the Committee shall have the authority (but not an obligation) to include as part of any Option Agreement a provision entitling the Optionholder to a further Option (a "Re-Load Option") in the event the Optionholder exercises the Option evidenced by the Option Agreement, in whole or in part, by surrendering other shares of Common Stock in accordance with this Plan and the terms and conditions of the Option Agreement. Unless otherwise specifically provided in the Option, the Optionholder shall not surrender shares of Common Stock acquired, directly or indirectly from the Company, unless such shares are fully vested and have been held for more than six (6) months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes).

Any such Re-Load Option may be an Incentive Stock Option or a Nonstatutory Stock Option, as the Committee may designate at the time of the grant of the original Option; provided, however, that the designation of any Re-Load Option as an Incentive Stock Option shall be subject to the one hundred thousand dollar ($100,000) annual limitation on the exercisability of Incentive Stock Options described in subsection 10(d) and in Section 422(d) of the Code. There shall be no Re-Load Options on a Re-Load Option. Any such Re-Load Option shall be subject to the availability of sufficient shares of Common Stock under subsection 4(a) and the "Section 162(m) Limitation" on the grants of Options under subsection 5(c) and shall be subject to such other terms and conditions as the Committee may determine which are not inconsistent with the express provisions of the Plan regarding the terms of Options.

7. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS.

(a) Stock Bonus Awards. Each stock bonus agreement shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The terms and conditions of stock bonus agreements may change from time to time, and the terms and conditions of separate stock bonus agreements need not be identical, but each stock bonus agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A stock bonus may be awarded in consideration for past services actually rendered to the Company or an Affiliate for its benefit.

(ii) Vesting. Shares of Common Stock awarded under the stock bonus agreement may, but need not, be subject to a share repurchase option in favor of the Company in accordance with a vesting schedule to be determined by the Committee. Stock bonus awards that are subject to vesting are generally referred to as restricted stock awards. Unless otherwise determined by the Committee and stated in the Stock Award Agreement, stock bonus awards shall be subject to the Standard Vesting Schedule pursuant to Section 6(f) above.

(iii) Termination of Participant's Continuous Service. In the event a Participant's Continuous Service terminates, the Company may reacquire any or all of the shares of Common Stock held by the Participant which have not vested as of the date of termination under the terms of the stock bonus agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the stock bonus agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the stock bonus agreement (which stock bonus agreement shall provide for such transfer restrictions as may be required by the applicable jurisdiction in which such stock bonus is awarded), as the Committee shall determine in its discretion, so long as Common Stock awarded under the stock bonus agreement remains subject to the terms of the stock bonus agreement.

(b) Stock Purchase Awards. Each stock purchase agreement shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The terms and conditions of the stock purchase agreements may change from time to time, and the terms and conditions of separate stock purchase agreements need not be identical, but each stock purchase agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. The purchase price of Common Stock acquired pursuant to the stock purchase agreement shall be paid either: (i) in cash at the time of purchase; (ii) at the discretion of the Committee, according to a deferred payment or other similar arrangement with the Participant; or (iii) in any other form of legal consideration that may be acceptable to the Committee in its discretion.

(ii) Vesting. Shares of Common Stock acquired under the stock purchase agreement may, but need not, be subject to a share repurchase option in favor of the Company in accordance with a vesting schedule to be determined by the Committee. Stock purchase awards that are subject to vesting are generally referred to as restricted stock purchase awards. Unless otherwise determined by the Committee and stated in the Stock Award Agreement, stock purchase awards shall be subject to the Standard Vesting Schedule pursuant to Section 6(f) above.

(iii) Termination of Participant's Continuous Service. In the event a Participant's Continuous Service terminates, the Company may repurchase or otherwise reacquire any or all of the shares of Common Stock held by the Participant which have not vested as of the date of termination under the terms of the stock purchase agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the stock purchase agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the stock purchase agreement (which stock purchase agreement shall provide for such transfer restrictions as may be required by the applicable jurisdiction in which such stock purchase is awarded), as the Committee shall determine in its discretion, so long as Common Stock awarded under the stock purchase agreement remains subject to the terms of the stock purchase agreement.

(c) Stock Unit Awards. Each stock unit award agreement shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate and shall provide that the holder thereof has the right to receive from the Company on the scheduled vesting or payment date for such stock unit one share of Common Stock. The terms and conditions of stock unit award agreements may change from time to time, and the terms and conditions of separate stock unit award agreements need not be identical, but each stock purchase agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Vesting. Each stock unit award may be subject to such vesting requirements as the Committee shall establish in its sole and absolute discretion, which vesting conditions may include service and performance goals (or combinations thereof) and may differ from award to award or portions of any individual award. Stock unit awards that are subject to vesting are generally referred to as restricted stock unit awards. Unless otherwise determined by the Committee and stated in the Stock Award Agreement, stock unit awards shall be subject to the Standard Vesting Schedule pursuant to Section 6(f) above.

(ii) Payment. Each stock unit award agreement shall contain terms and conditions regarding when Common Stock under such agreement shall be payable to the Participant following vesting. All such payment terms shall be intended to comply with the requirements of Code Section 409A.

(iii) Termination of Participant's Continuous Service. The terms of the stock unit award agreement shall contain terms and conditions regarding the disposition of such stock unit award upon when a Participant's Continuous Service terminates. Such terms and conditions may, but need not, require that any portion of the stock unit award that has not then vested as of the date of termination shall be forfeited.

(iv) Transferability. Rights to acquire shares of Common Stock under the stock unit agreement shall not be transferable except by will or under the laws of descent and distribution.

(v) Stockholder Rights. No Participant shall have any rights as a stockholder with respect to any stock unit award granted hereunder until shares of Common Stock are actually issued to such Participant.

(d) Stock Appreciation Rights. Each stock appreciation right shall entitle the Participant, upon exercise, to receive a payment, in cash or Common Stock, equal to the excess of the Fair Market Value of the number of stock appreciation rights exercised over the base price of the stock appreciation right established by the Committee. Each stock appreciation right agreement shall be in such form and shall contain such other terms and conditions as the Committee shall deem appropriate. The terms and conditions of the stock appreciation right agreements may change from time to time, and the terms and conditions of separate stock appreciation right agreements need not be identical, but each stock appreciation right agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Base Price. The base price applicable to the stock appreciation right shall be established by the Committee and set forth in the stock appreciation right award agreement, but in all events such price shall be equal to or greater than the Fair Market Value of the Common Stock on the date of grant. Notwithstanding the foregoing, a stock appreciation right may be granted with an exercise price lower than that set forth in the preceding sentence if such stock appreciation right is granted pursuant to an assumption or substitution for another stock appreciation right in a manner satisfying the provisions of Section 409A of the Code.

(ii) Vesting. Each stock appreciation right award may be subject to such vesting requirements as the Committee shall establish in its sole and absolute discretion, which vesting conditions may include service and performance goals (or combinations thereof) and may differ from award to award or portions of any individual award. Unless otherwise determined by the Committee and stated in the Stock Award Agreement, stock appreciation awards shall be subject to the Standard Vesting Schedule pursuant to Section 6(f) above.

(iii) Term; Termination of Participant's Continuous Service. Each stock appreciation right shall have a term established by the Committee not in excess of ten (10) years from the date of grant. The stock appreciation right award agreement shall contain terms and conditions regarding the exercisability and earlier termination of such award upon a Participant's termination of Continuous Service. Unless otherwise provided in the stock appreciation right award agreement, the default provisions applicable to Options upon a Participant's termination of Continuous Service shall apply to all stock appreciation rights awarded under this Plan.

(iv) Transferability. Stock appreciation rights shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the stock appreciation right.

(e) Other Stock-Based Awards. The other types of awards that may be granted under this Plan include: (a) performance stock, phantom stock, dividend equivalents, or similar rights to purchase or acquire shares, whether at a fixed or variable price or ratio related to the Common Stock, upon the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions, or any combination thereof; or (b) any similar securities with a value derived from the value of or related to the Common Stock and/or returns thereon. Such awards shall conform to the provisions of the Plan.

8. COVENANTS OF THE COMPANY.

(a) Availability of Shares. During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Stock Awards.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise or vesting of the Stock Awards; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise or vesting of such Stock Awards unless and until such authority is obtained.

9. COVENANTS OF THE PARTICIPANT.

(a) As a condition to a Participant's receipt of a Stock Award hereunder, the Participant shall be required to agree to be bound by any applicable restrictive covenants, including but not necessarily limited to, noncompetition, nonsolicitation, nondisclosure and nondisparagement agreements, as set forth in such Participant's Stock Award. The Committee may also impose additional restrictions on a Participant's Stock Award.

(b) Until immediately after the listing for trading on a stock exchange or market or trading system of the Company's (or a successor corporation's) shares, the right to vote any Common Stock acquired under this Plan pursuant to a Stock Award shall, unless otherwise determined by the Committee, be given by the Participant, pursuant to an irrevocable proxy, to the person or persons designated by the Board. All Stock Awards granted hereunder shall be conditioned upon the execution of such irrevocable proxy. Any irrevocable proxy granted pursuant hereto shall be of no force or effect immediately after the listing for trading on a stock exchange or market or trading system of the Company's (or a successor corporation's) shares. The provisions of this Section shall apply to the Participant and to any purchaser, assignee or transferee of any shares of Common Stock issued pursuant to a Stock Award.

10. USE OF PROCEEDS FROM STOCK.

Proceeds from the sale of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

11. MISCELLANEOUS.

(a) Acceleration of Exercisability and Vesting. The Committee shall have the power to accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(b) Shareholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Option, stock appreciation right, or similar award unless and until such Participant has satisfied all requirements for exercise of the Stock Award pursuant to its terms.

(c) No Employment or other Service Rights. Nothing in the Plan or any instrument executed or Stock Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(d) Incentive Stock Option $100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

(e) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (1) the issuance of the shares of Common Stock upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act or (2) as to any particular requirement, a determination is made by counsel for the Company that such

requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(f) Withholding Obligations. To the extent provided by the terms of a Stock Award Agreement, the Participant may satisfy any federal, state or local tax withholding obligation relating to the exercise or acquisition of Common Stock under a Stock Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Participant as a result of the exercise or acquisition of Common Stock under the Stock Award, provided, however, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law; or (iii) delivering to the Company owned and unencumbered shares of Common Stock that have been held for such minimum amount of time as may be necessary to avoid a charge to earnings for financial accounting purposes.

(g) Cancellation and Re-Grant of Options.

(i) Authority to Reprice. The Committee shall have the authority to effect, at any time and from time to time, (1) the repricing of any outstanding Options under the Plan and/or (2) with the consent of any adversely affected holders of Options, the cancellation of any outstanding Options under the Plan and the grant in substitution therefor of new Options under the Plan covering the same or different numbers of shares of Common Stock. The exercise price per share of Common Stock shall be not less than that specified under the Plan for newly granted Stock Awards. Notwithstanding the foregoing, the Committee may grant an Option with an exercise price lower than that set forth above if such Option is granted as part of a transaction to which Section 424(a) of the Code or Treasury Regulation 1.409A-1(b)(5)(iii)(E)(4) applies.

(ii) Effect of Repricing under Section 162(m) of the Code. Shares of Common Stock subject to an Option which is amended or canceled in order to set a lower exercise price per share of Common Stock shall continue to be counted against the maximum award of Options permitted to be granted pursuant to subsection 4(a). The repricing of an Option under this subsection 11(g) resulting in a reduction of the exercise price shall be deemed to be a cancellation of the original Option and the grant of a substitute Option; in the event of such repricing, both the original and the substituted Options shall be counted against the maximum awards of Options permitted to be granted pursuant to subsection 4(a). The provisions of this subsection 11(g)(ii) shall be applicable only to the extent required by Section 162(m) of the Code.

(h) Section 280G Cut-Back. Notwithstanding anything to the contrary contained in this Plan, in the event the Company determines, in its sole discretion, that any payment or distribution by the Company to or for the benefit of the recipient of a Stock Award (a "Stock Award Recipient") (whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise) (collectively, "Payments") would be subject to the excise tax imposed

by Section 4999 of the Code or any interest or penalties are incurred by the Stock Award Recipient with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), such Payments shall be reduced, to the extent required to prevent the imposition upon the Stock Award Recipient of any Excise Tax.

In the event that a reduction in Payments is required pursuant to the immediately preceding paragraph, then, except as provided below with respect to Payments that consist of health and welfare benefits, the reduction in Payments shall be implemented by determining the "Parachute Payment Ratio" (as defined below) for each Payment and then reducing the Payments in order beginning with the Payment with the highest Parachute Payment Ratio. For Payments with the same Parachute Payment Ratio, such Payments shall be reduced based on the time of payment of such Payments, with amounts being paid furthest in the future being reduced first. For Payments with the same Parachute Payment Ratio and the same time of payment, such Payments shall be reduced on a pro-rata basis (but not below zero) prior to reducing Payments next in order for reduction. For purposes of this Section, "Parachute Payment Ratio" shall mean a fraction, the numerator of which is the value of the applicable Payment as determined for purposes of Code Section 280G, and the denominator of which is the financial present value of such Parachute Payment, determined at the date such payment is treated as made for purposes of Code Section 280G (the "Valuation Date"). In determining the denominator for purposes of the preceding sentence (1) present values shall be determined using the same discount rate that applies for purposes of discounting payments under Code Section 280G; (2) the financial value of payments shall be determined generally under Q&A 12, 13 and 14 of Treasury Regulation 1.280G-1; and (3) other reasonable valuation assumptions as determined by the Company shall be used. Notwithstanding the foregoing, Payments that consist of health and welfare benefits shall be reduced after all other Payments, with health and welfare Payments being made furthest in the future being reduced first.

12. ADJUSTMENTS UPON CHANGES IN STOCK.

(a) Capitalization Adjustments. If any change is made in the Common Stock subject to the Plan, or subject to any Stock Award, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Plan will be appropriately adjusted in the class(es) and maximum number of securities subject to the Plan pursuant to subsection 4(a) and the maximum number of securities subject to award to any person pursuant to subsection 5(c), and the outstanding Stock Awards will be appropriately adjusted in the class(es) and number of securities and price per share of Common Stock subject to such outstanding Stock Awards. The Committee shall make such adjustments, and its determination shall be final, binding and conclusive. (The conversion of any convertible securities of the Company shall not be treated as a transaction "without receipt of consideration" by the Company.)

(b) Dissolution or Liquidation. In the event of a dissolution or liquidation of the Company, then all outstanding Stock Awards shall terminate immediately prior to such event.

(c) Asset Sale, Merger, Consolidation, or Series of Transactions. Unless otherwise provided in the applicable Stock Award Agreement delivered to Participant, in the event of (i) a sale, lease or other disposition of all or substantially all of the assets of the Company, (ii) a consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the shareholders of the Company immediately prior to such consolidation, merger or reorganization, own less than fifty percent (50%) of the Company's outstanding voting power of the surviving entity (or its parent) following the consolidation, merger or reorganization or (iii) any transaction (or series of related transactions involving a person or entity, or a group of affiliated persons or entities) in which in excess of fifty percent (50%) of the Company's outstanding voting power is transferred (individually, a "Change of Control"), then, unless otherwise determined by the Board, any surviving corporation or acquiring corporation shall assume any Stock Awards outstanding under the Plan or shall substitute the Stock Awards for stock awards of the surviving corporation (including, but not limited to, an award to acquire the same consideration paid to the shareholders in the Change of Control) under terms as determined by the Board. The consideration referred to in the preceding sentence may be subject to vesting, expiration and other terms as determined by the Board in its discretion and may differ from the vesting, expiration and other terms applying to the Stock Awards immediately prior to the Change of Control. The foregoing shall not limit the Board's authority to determine, in its sole discretion that, in lieu of such assumption or substitution of Stock Awards for awards of the surviving corporation, such Stock Award will be substituted for any other type of asset or property. In lieu of such assumption or substitution, the Board may, in its sole discretion (but shall not be obligated to) determine that, with respect to Stock Awards held by Participants whose Continuous Service has not terminated, the vesting of such Stock Awards (and, if applicable, the time during which such Stock Awards may be exercised) shall be accelerated in full, and the Stock Awards shall terminate if not exercised (if applicable) at or prior to the Change of Control, in which case the Company shall send advance written notice to Participants describing in reasonable detail the effect of the Change of Control on their Stock Awards, including the fact that such Stock Awards may terminate if not exercised (if applicable) at or prior to the Change of Control. With respect to any other Stock Awards outstanding under the Plan, such Stock Awards shall terminate if not exercised (if applicable) prior to the Change of Control. In connection with a Change of Control, the Company or any surviving corporation or acquiring corporation shall have the right, but not the obligation, to cash out a Stock Award, and the Company or any surviving corporation or acquiring corporation shall have the right, but not the obligation, to make any such cash out subject to any escrow, earn-out or other contingent or deferred payment arrangement that is contemplated by such Change of Control transaction, subject to compliance with Section 409A of the Code.

(d) Securities Acquisition. After the Listing Date, in the event of an acquisition by any person, entity or group within the meaning of Section 13(d) or 14(d) of the Exchange Act, or any comparable successor provisions (excluding any employee benefit plan, or related trust, sponsored or maintained by the Company or an Affiliate) of the beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act, or comparable successor rule) of securities of the Company representing at least fifty percent (50%) of the combined voting power entitled to vote in the election of Directors and provided that such acquisition is not a result of, and does not constitute a Change of Control described in subsection 12(c) hereof, then with respect to Stock Awards held by Participants whose Continuous Service has not terminated, the vesting of such Stock Awards (and, if applicable, the time during which such Stock Awards may be exercised) shall be accelerated in full.

13. AMENDMENT OF THE PLAN AND STOCK AWARDS.

(a) Amendment of Plan. The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 12 relating to adjustments upon changes in Common Stock, no amendment shall be effective unless approved by the shareholders of the Company to the extent shareholder approval is necessary to satisfy the requirements of Section 422 of the Code or, if applicable, Rule 16b-3 or any securities exchange listing requirements.

(b) Shareholder Approval. The Board may, in its sole discretion, submit any other amendment to the Plan for shareholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 162(m) of the Code and the regulations thereunder regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to certain executive officers.

(c) Contemplated Amendments. It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options and/or to bring the Plan and/or Incentive Stock Options granted under it into compliance therewith.

(d) Compliance with International Requirements. In the event any Stock Award is granted under this Plan to an individual who is employed or providing services outside the United States and who is not compensated from a payroll or other source maintained in the United States, the Board or the Committee may, in its sole discretion, modify the provisions of the Plan and/or any Stock Award agreement as they pertain to such individuals to comply with applicable law, regulation or accounting rules and to meet the objectives and purpose of the Plan; furthermore, the Board or the Committee may, in its sole discretion establish one or more sub- plans to reflect such amended or varied provisions.

(e) No Impairment of Rights. Rights under any Stock Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

(f) Amendment of Stock Awards. The Committee may at any time, and from time to time, amend the terms of any one or more Stock Awards; provided, however, that the rights under any Stock Award shall not be impaired by any such amendment unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

14. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on the day before the tenth (10th) anniversary of the date the Plan is adopted by the Board or approved by the shareholders of the Company, whichever is later. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the Participant.

15. EFFECTIVE DATE OF PLAN.

The Plan shall become effective as determined by the Board, but no Stock Award shall be exercised (or, in the case of a stock bonus, shall be granted) unless and until the Plan has been approved by the shareholders of the Company, which approval shall be within twelve (12) months before or after the date the Plan is adopted by the Board.

16. CHOICE OF LAW.

The law of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such states conflict of laws rules.

17. SECTION 409A.

Stock Awards under this Plan are intended to be exempt from, or to comply with, the provisions of Section 409A of the Code, and this Plan and all Stock Awards granted hereunder shall be interpreted accordingly. Notwithstanding anything herein to the contrary, the Company shall have the discretion and authority to amend this Plan or any Stock Award granted hereunder at any time to the extent necessary or advisable to satisfy any requirements of Section 409A of the Code or guidance published thereunder. However, in no event will the Company or any Affiliate have any liability for any failure of the Plan or any Stock Award to satisfy Code Section 409A, and the Company does not guarantee that the Plan or any Stock Award complies with Code Section 409A.

FIRST AMENDMENT
TO THE
SECOND AMENDED & RESTATED VROOM, INC. 2014 EQUITY INCENTIVE PLAN

This First Amendment (the "Amendment") to the Second Amended and Restated Vroom, Inc. 2014 Equity Incentive Plan (the "Plan") is effective as of September 20, 2016.

WHEREAS, Section 13 of the Plan provides that the Board of Directors (the "Board") of Vroom, Inc. (the "Company") may amend the Plan;

WHEREAS, the Board has approved the increase of the number of shares of common stock of the Company ("Common Stock") reserved for issuance under the Plan by 1,500,000 shares, so that an aggregate of 6,231,730 shares of Common Stock are reserved for issuance under the Plan; and

WHEREAS, the Board has approved the amendments to the Plan set forth herein.

NOW, THEREFORE,

1. Section 4(a) of the Plan is hereby amended and restated in its entirety to read as follows:

"(a) **Share Reserve**. Subject to the provisions of Section 12 relating to adjustments upon changes in Common Stock, the number of shares of Common Stock that may be issued pursuant Stock Awards shall not exceed in the aggregate 6,231,730 shares of Common Stock. The maximum number of shares of Common Stock that may be issued pursuant to Options intended to be Incentive Stock Options is 6,231,730."

2. Section 4(b) of the Plan is hereby amended and restated in its entirety to read as follows:

"(b) **Reversion of Shares to the Share Reserve**. Unless otherwise specifically provided in the applicable Stock Award Agreement delivered to a Participant, if and to the extent that any Stock Award or portion of a Stock Award is forfeited, is repurchased by the Company for no more than the Participant's original cost, terminates, expires or is canceled, the forfeited, repurchased, terminated or cancelled shares of Common Stock subject to such Stock Award shall again be available for distribution in connection with Stock Awards under the Plan. Subject to the preceding sentence, shares of Common Stock shall be deemed to have been issued pursuant to the Plan with respect to any portion of a Stock Award that is settled or paid in cash. If payment for the exercise of a Stock Award is made by transfer to the Company of shares of Common Stock owned by a Participant, only the number of shares issued net of the shares delivered shall be deemed delivered for purposes of determining the maximum number of shares of Common Stock and/or Incentive Stock Options available for delivery under the Plan. To the extent any shares of Common Stock subject to a Stock Award are not delivered to a Participant because such shares are used to satisfy an applicable tax withholding obligation, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of Common Stock available for delivery under the Plan.

3. Except as otherwise specially provided herein, the Plan shall remain in full force and effect.

SECOND AMENDMENT
TO THE
SECOND AMENDED & RESTATED VROOM, INC. 2014 EQUITY INCENTIVE PLAN

This Second Amendment (the "Amendment") to the Second Amended and Restated Vroom, Inc. 2014 Equity Incentive Plan (the "Plan") is effective as of March 25, 2019.

WHEREAS, Section 13 of the Plan provides that the Board of Directors (the "Board") of Vroom, Inc. (the "Company") may amend the Plan.

WHEREAS, the Board has approved accelerated vesting of all Options granted under the Plan (including those Options granted prior to the date of this Amendment) such that the Options granted to a Participant will be fully vested in the event of the Participant's termination of Continuous Service by the Company without Cause or by the Participant for Good Reason, in each case, during the twelve (12)-month period following a Change of Control.

WHEREAS, the Board has approved the amendments to the Plan set forth herein.

NOW, THEREFORE,

1. Section 2 of the Plan is hereby amended and restated by including the following defined terms:

"***Cause***" means (A) with respect to an Employee or a Consultant: (i) the Participant's disregard of his or her duties or failure to act, where such action would be in the ordinary course of the Participant's duties, (ii) the material failure by the Participant to observe Company policies and/or policies of Affiliates of the Company generally applicable to employees of the Company and/or its Affiliates, including, without limitation, policies relating to anti-harassment, (iii) gross negligence or willful misconduct by the Participant in the performance of his or her duties, (iv) the commission by the Participant of any act of fraud, theft, financial dishonesty or self-dealing with respect to the Company or any of its Affiliates, or any felony or criminal act involving moral turpitude, (v) any breach by the Participant of the provisions of any confidentiality, non-competition or non-solicitation agreement between the Participant and the Company or any Affiliate, or any other agreement or contract with the Company, any of its Affiliates, (vi) chronic absenteeism, (vii) alcohol or other substance abuse that impairs the Participant's ability to perform his or her duties, or (viii) the commission of any violation of any state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination) by the Participant; or (B) with respect to a non-employee director means a determination by a majority of the disinterested board members that the non-employee director has been engaged in any of the following: (i) malfeasance in office; (ii) gross misconduct; (iii) false or fraudulent misrepresentation inducing director's appointment; (iv) willful conversion of corporate funds; (v) material breach of an obligation to make full disclosure; (vi) gross incompetence; (vii) gross inefficiency; (viii) acts of moral turpitude; or (ix) repeated failure to participate (either by telephone or in person) in board meetings on a regular basis despite having received proper notice of the meetings at least 48 hours in advance thereof.

"***Good Reason***" means any of the following events, in each case, without the Participant's consent: (A) a reduction in the Participant's Base Salary or a material reduction by the Company in the kind or level of employee benefits to which Employee is entitled immediately prior to such reduction, other than a general across-the-board reduction as a result of an economic or strategic measure that affects all similarly situated employees in substantially the same proportions, (B) a relocation of the Participant's principal place of employment by more than 30 miles from both the Participant's principal place of employment and principal residence, (C) a material adverse change to the Participant's title, authority, reporting structure, duties or responsibilities (other than temporarily while the Employee is physically or mentally incapacitated), or (D) the Company's failure to obtain an agreement from any successor to the Company to assume or replace (with consistent vesting and other material terms) a Participant's Stock Award in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law. Notwithstanding the foregoing, a termination of employment by the Participant for Good Reason shall not occur unless the Participant provides to the Company written notice stating in reasonable detail the basis for termination and an opportunity of thirty (30) days in duration to cure such basis for termination and the Participant terminates his or her employment within ninety (90) days following the initial occurrence of the existence of such basis for termination.

2. Section 12(c) of the Plan is hereby amended and restated in its entirety to read as follows:

In the event of a Change of Control, the Committee shall take one of the following actions, to the extent determined by the Committee to be permitted under Section 409A of the Code: (i) provide that any outstanding Stock Awards then held by Participants which are unvested or subject to lapse restrictions may, in whole or in part, automatically be deemed vested or no longer subject to lapse restrictions, as the case may be, as of immediately prior to such Change of Control, (ii) cancel any Stock Award in exchange for an amount of cash (or other property that is received by the stockholders of the Company as consideration in such change of control transaction) with a value equal to the amount that could have been obtained upon the exercise or settlement of, or realization of the Participant's rights under, such Stock Award (assuming that the entire Stock Award was vested immediately prior to the Change of Control), provided that if the amount that could have been obtained upon the exercise or settlement of or realization of the Participant's rights under such Stock Award (assuming that the entire Stock Award was vested immediately prior to the Change of Control), in any case, is equal to or less than zero, then the Stock Award may be canceled without payment; (iii) provide for the issuance of substitute awards to acquire equity of the acquiring entity or an Affiliate thereof that will preserve in no less favorable a manner the otherwise applicable terms of any outstanding Stock Award previously granted hereunder, as determined by the Committee in its sole discretion; (iv) provide that for a period of at least ten business days prior to the Change of Control, any Options and/or stock appreciation rights shall be

exercisable as to all shares of Common Stock subject thereto and that upon the occurrence of the Change of Control, such Options and/or stock appreciation rights shall terminate and be of no further force and effect; and/or (v) continue the Stock Awards on their same terms. For the avoidance of doubt, the Committee may treat individual Participants and Stock Awards (or portions thereof) differently under this Section 12(c). In the event of a Change of Control pursuant to which no substantial portion of the assets or business remains with the Company or an Affiliate (e.g., upon a sale of substantially all of the assets), the Committee shall take one or more of the actions set forth in clauses (i) through (iv) above (provided that any action taken pursuant to clause (i) above shall provide for vesting in full, not in part). For purposes of the Plan, "**Change of Control**" shall mean the first to occur of any transaction (or series of related transactions involving a person or entity, or a group of affiliated persons or entities) effecting: (i) a sale, lease or other disposition of all or substantially all of the assets of the Company, (ii) a consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, or (iii) a transfer of more than fifty percent (50%) of the Company's outstanding voting power; provided, that, in the case of any of clauses (i), (ii) or (iii), no Change of Control shall have occurred if the shareholders of the Company immediately prior to such transaction(s) own at least fifty percent (50%) of the outstanding voting power of the acquiring person or entity, or group of affiliated persons or entities, or the surviving entity or its parent, as the case may be, following such transaction(s).

2. Section 12 of the Plan is hereby amended by adding the following subsection (e) to the end thereof:

(e) Notwithstanding any provision of the Plan to the contrary (including, without limitation, Section 12(c) above), in the event of a Participant's termination of Continuous Service by the Company or an Affiliate without Cause or by the Participant for Good Reason, in each case, during the twelve (12)-month period following a Change of Control, then the vesting of all Options held by such Participant shall be accelerated in full.

3. Except as otherwise specially provided herein, the Plan shall remain in full force and effect.

Vroom, Inc.
2019 Short Term Incentive Plan

1. Purpose:

The purpose of the Vroom, Inc. 2019 Short Term Incentive Plan ("**Plan**") is to

a) Align employee rewards with achievement of Vroom's overall financial and strategic goals

b) Reward eligible employees for their contributions towards those goals

2. Effective Date:

The Plan is effective as of January 1, 2019, the first day of the performance period of January 1, 2019 through

December 31, 2019 ("**Performance Period**").

3. Eligibility:

All full-time, regular employees of Left Gate Property Holding LLC (d/b/a Vroom), a Texas limited liability company and a wholly-owned subsidiary of Vroom, Inc., a Delaware corporation (the "Company"), with a stated Bonus Plan Target Incentive ("**Target Incentive**") set forth in such employee's employment letter ("**Participants**") are eligible to participate in the Plan.

4. Payment Determination:

a) Awards. All awards granted under the Plan ("**Awards**") shall be contingent upon the attainment of the performance goals ("**Performance Goals**") established by Vroom's Senior Management and approved by Vroom's Compensation Committee and Board of Directors. The Performance Goals so established have two criteria for determining whether and to what extent an Award may be paid to any Participant. The first is a funding criterion and the second is a performance criterion.

b) Funding Criterion**.** The aggregate amount of funds available for distribution to Participants at the end of the Performance Period ("**Bonus Pool**") will be determined based upon Vroom's performance as measured against certain criteria linked to Vroom's 2019 budget (set forth in Exhibit A). The Bonus Pool may be funded in an amount ranging from 0% to *175*% of Vroom's target aggregate bonus pool as set forth in the budget ("**Target Bonus Pool**"). The funding criterion is used to determine the aggregate dollar amount of funds constituting the Bonus Pool available for management to distribute to Participants. Management, in its sole discretion, will award a portion of the Bonus Pool to each department, based on each department's performance throughout the Performance Period. All departments may not receive the same amount of funds from the Bonus Pool.

c) Performance Criterion. Throughout the Performance Period, managers will evaluate individual Participant's overall performance both in terms of goals accomplished and how well such Participant works with others in alignment with Vroom's Values (S.P.E.E.D.). At the end of the Performance Period, each manager will provide each Participant in such Manager's department with an overall assessment of performance. Senior Management will use that assessment in conjunction with the amount of the Bonus Pool allocated to that department and such Participant's Target Incentive to determine the amount of such Participant's Award.

d) All Awards under the Vroom Bonus Plan are discretionary and subject to management review.

5. Payments and Timing:

Vroom pays Awards annually based upon the applicable Target Incentive percentage of each Participant's Earned Salary (base wages earned and paid during the Performance Period) after the conclusion of the Performance Period. Awards will be paid in cash, no later than March 15 following the end of the Performance Period. To be eligible for an Award, Participants must be actively employed as of the date of payment. Termination for any reason, voluntary or involuntary, or due to death or disability, prior to the actual payment date will cause the Participant to be ineligible to receive an Award.

If Vroom undergoes a Change of Control, as defined in the 2014 Equity Incentive Plan, this plan will either be adopted by the new parent or paid on a pro rata basis through the date of the Change of Control (based on performance prior to the Change in Control). For clarification, Participant's must still be actively employed as of the date of payment to receive an Award.

6. Pro-Rated Awards:

If a Participant is hired during the Performance Period (Jan 1 to Dec 31), the following rules apply:

a) If the start date is between January 1 and August 31 (inclusive) of the Performance Period, a Participant is eligible to receive an Award, prorated based on the actual start date.

b) If the start date is between September 1 and October 31 of the Performance Period, a Participant is eligible for a prorated Award, but is not eligible to receive more than 100% of their Target Incentive.

c) If the start date is on or after November 1 of the Performance Period, a Participant is not eligible to receive an Award for the Performance Period.

7. Mid–Year Bonus Target Changes:

Participants who are transferred or promoted during the Performance Period to a position with a different Target Incentive and/or annual base salary will have his or her Award prorated for the number of days active in each respective position, such that bonuses are based on earned salaries, not end-of-year annualized salaries.

8. Earnings:

Certain leaves of absence shall reduce an employee's Earned Salary and consequently such employee's Eligible Bonus. An employee's Earned Salary will be reduced pro-rata for any paid time spent on leave during the bonus period with the exception of any portion of the leave covered by PTO (i.e., Sick or Vacation time). An employee's Earned Salary does not include his/her parental leave, short-term disability and long-term disability and other leave.

Other bonuses and awards are also not considered part of earned salary for purposes of calculating bonus targets. Examples of excluded payments are sign-on bonuses, PaceSetter awards, retention bonuses, referral bonuses, relocation payments, separation payments, option or stock-related earnings, and any other non- recurring additional pay. This may not be an exhaustive list of all excluded payment types.

9. Administration:

The Plan shall be administered by the Compensation Committee of the Company's Board of Directors (the "Committee"). Subject to the provisions of the Plan and applicable law, the Committee shall have the power, without limitation, to: (a) determine the terms and conditions of any Award; (b) determine whether, to what extent, and under what circumstances Awards may be forfeited or suspended; (c) interpret, administer,

reconcile any inconsistency, correct any defect and/or supply any omission in the Plan or any instrument or agreement relating to, or Award granted under, the Plan; (d) establish, amend, suspend, or waive any rules for the administration, interpretation and application of the Plan; and (e) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. All determinations and decisions made by the Committee, or management pursuant to delegated authority of the Committee, pursuant to the provisions of the Plan shall be final, conclusive and binding on all persons, and shall be given the maximum deference permitted by law.

10. General Provisions:

a) Compliance with Legal Requirements. The Plan and the granting of Awards shall be subject to all applicable federal and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required.

b) Non-transferability. A person's rights and interests under the Plan, including any Award, or any amounts payable under the Plan may not be assigned, pledged, or transferred.

c) No Right to Employment. Nothing in the Plan or in any notice of Award shall confer upon any person the right to continue in the employment of the Company or any affiliate or affect the right of the Company or any affiliate to terminate the employment of any Participant.

d) No Right to Award. Unless otherwise expressly set forth in an employment or award letter signed by the Company or any affiliate and a Participant, a Participant shall not have any right to any Award under the Plan until such Award has been paid to such Participant and participation in the Plan in one Performance Period does not connote any right to become a Participant in the Plan in any future Performance Period.

e) Withholding. The Company shall have the right to withhold from any Award, any federal, state or local income and/or payroll taxes required by law to be withheld and to take such other action as the Committee may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to an Award.

f) Amendment or Termination of the Plan. The Committee may, at any time, amend, suspend or terminate the Plan in whole or in part. Notwithstanding the foregoing, no amendment shall adversely affect the rights of any Participant to Awards allocated to any individual prior to such amendment, suspension or termination.

g) Unfunded Status. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between the Company and any Participant, beneficiary or legal representative or any other person. To the extent that a person acquires a right to receive payments under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA).

h) Governing Law. The Plan shall be construed, administered and enforced in accordance with the laws of the State of New York without regard to conflicts of law.

i) Section 409A of the Internal Revenue Code of 1986 ("**Code**"). It is intended that payments under the Plan qualify as short-term deferrals exempt from the requirements of Section 409A of the Code. In the event that any Award does not qualify for treatment as an exempt short-term deferral, it is intended that such amount will be paid in a manner that satisfies the requirements of Section 409A of the Code. The Plan shall be interpreted and construed accordingly.

j) Expenses. All costs and expenses in connection with the administration of the Plan shall be paid by the Company.

k) Section Headings. The headings of the Plan have been inserted for convenience of reference only and in the event of any conflict, the text of the Plan, rather than such headings, shall control.

l) Severability. In the event that any provision of the Plan shall be considered illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan, but shall be fully severable, and the Plan shall be construed and enforced as if such illegal or invalid provision had never been contained therein.

m) Non-Exclusive. Nothing in the Plan shall limit the authority of the Company, the Board of Directors or the Committee to adopt such other compensation arrangements, as it may deem desirable for any Participant.

n) Successors. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding upon any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the assets of the Company.

o) Clawback. Any Participant who would be eligible for an award pursuant to a completed Plan Year shall be required to repay the Company any payment of such award to the extent required by any Clawback Policy maintained by the Company from time to time; provided that such Clawback Policy is required by applicable securities laws or stock exchange listing standards.

Exhibit 10.10

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

INVENTORY FINANCING AND SECURITY AGREEMENT

I. THE PARTIES TO THIS AGREEMENT

This Inventory Financing and Security Agreement ("Agreement") is effective as of March 6, 2020 (the "Effective Date"), and is made by and among the following parties:

A. **Ally Bank (Ally Capital in Hawaii, Mississippi, Montana and New Jersey)** (together with its successors and assigns, "Bank"), a Utah state-chartered bank with a local business office currently located at 5851 Legacy Circle, Suite 200, Plano, Texas 75024; and

B. **Ally Financial Inc.**, a Delaware corporation ("Ally") with a local business office currently located at 5851 Legacy Circle, Suite 200, Plano, Texas 75024 (together with Bank, the "Ally Parties" and Bank and Ally each being, an "Ally Party");

C. **Left Gate Property Holding, LLC**, a Texas limited liability company doing business as Texas Direct Auto, with its principal executive office currently located at 12053 Southwest Freeway, Stafford, Texas 77477 ("Dealership"); and

D. **Vroom, Inc.**, a Delaware corporation, with its principal executive office currently located at 1375 Broadway, 11th Floor, New York, New York 10018 ("Vroom").

II. THE RECITALS

The essential facts relied on by Bank, Ally and Dealership as true and complete, and giving rise to this Agreement, are as follows:

A. From time to time, Dealership has and/or intends to acquire one or more used automobiles, trucks, cars, vans, motor vehicles, and/or other vehicles (together with all accessories, accessions, additions and attachments to such vehicles, the "Vehicle(s)") from one or more manufacturer, distributor, dealer, auctioneer, merchant, customer, broker, seller, or other supplier ("Vehicle Seller(s)"), for the principal purpose of selling or leasing them to retail customers in the ordinary course of business.

B. To enable Dealership to acquire Vehicles and hold them in inventory, Dealership wants the Ally Parties to provide Dealership with wholesale inventory floorplan finance accommodations by (i) advancing the purchase price of the Vehicles directly to the Vehicle Sellers; (ii) advancing funds to other third parties who are not Vehicle Sellers; or (iii) by loaning money directly to Dealership for Vehicles that were previously purchased from Vehicle Sellers by Dealership (collectively, "Inventory Financing"). (Vehicles acquired with or held as a result of Inventory Financing may be referred to as "Inventory Financed Vehicles.")

C. Bank is willing to provide Dealership with Inventory Financing in accordance with all of the provisions of this Agreement.

D. Ally is willing to provide Dealership with Inventory Financing in accordance with all of the provisions of this Agreement.

E. The Dealership is a wholly owned subsidiary of Vroom. The Ally Parties would not enter into this Agreement but for Vroom's guaranty of the Dealership's indebtedness and obligations to the Ally Parties. Additionally, certain material covenants and obligations of Dealership under this Agreement must be performed by Vroom rather than Dealership. Accordingly, Vroom is a party to this Agreement with respect to certain limited provisions.

F. The Inventory Financing will be governed by the terms of this Agreement. Accordingly, this Agreement sets forth the rights and duties between Bank and Dealership and between Ally and Dealership concerning Inventory Financing, including establishment of a credit line by which inventory financing advances may be made by either or both of the Ally Parties, payment of principal, interest, and other charges, the grant of security interests in collateral, and other terms and conditions. It is a composition of various alternatives available to Bank and Dealership and to Ally and Dealership, as independent commercial parties. Before execution, each party has carefully read this Agreement and each related document and has consulted with or had an opportunity to consult with an attorney.

III. THE AGREEMENT

In consideration of the premises and the mutual promises in this Agreement, which are acknowledged to be sufficient, Bank, Ally and Dealership agree to the following:

A. Inventory Finance Accommodations.

1. Establishment of a Committed Inventory Financing Credit Line. Subject to the terms and conditions of this Agreement,

   (a) Ally commits to provide Inventory Financing to Dealership.

   (b) Bank commits to provide Inventory Financing to Dealership.

   (c) The sum of all Inventory Financing by each Ally Party, plus any obligation of each Ally Party to make specific advances to a Vehicle Seller or other party, constitutes a single obligation of Dealership to such Ally Party. The sum of all Inventory Financing plus the sum of all obligations of both of the Ally Parties to make specific advances to Vehicle Sellers or other parties, from the time of the advance, constitutes the Dealership's "Wholesale Outstandings."

2. Amount of the Credit Line. As of the Effective Date of this Agreement, the aggregate amount of credit that may be extended by the Ally Parties pursuant to this Agreement (the "Credit Line") shall not exceed $450,000,000 . The Ally Parties commit to make the Credit Line available to the Dealership during the Term of this Agreement, up to the amount of the Monthly Floorplan Allowance, as defined herein.

   (a) The "Monthly Floorplan Allowance" shall be determined monthly by Ally and communicated to the Dealership within the first two business days of each month. The Monthly Floorplan Allowance shall be equal to the product of:

      i. the greater of (1) three times the aggregate number of units paid off by the Dealership during the immediately preceding month, or (2) the aggregate number of units paid off by the Dealership during the immediately preceding three months; and

      ii. the greater of (1) the average outstanding floorplan balance of all Vehicles on floorplan as of the immediately preceding month-end, or (2) the average monthly outstanding floorplan balance of all Vehicles on floorplan as of the month-end for the immediately preceding three months; in each case, the total floorplan outstanding divided by the total number of units on floorplan.

   (b) The Ally Parties and the Dealership intend that the Monthly Floorplan Allowance be based on ordinary retail consumer sales activity. Accordingly, in the event the calculation of the Monthly Floorplan Allowance is materially altered by sales that are outside of the Dealership's customary sales activity (e.g., significant volume of wholesale or bulk sale transactions), the Ally Parties may (in their discretion, after consulting with the Dealership) adjust the Monthly Floorplan Allowance to correct for the unusual activity.

(c) Notwithstanding the foregoing, upon written notice to the Ally Parties, the Dealership may elect to:

i. increase the otherwise applicable Monthly Floorplan Allowance by up to $25,000,000 during any three months of each year, or

ii. establish a Monthly Floorplan Allowance in a lower amount.

3. Method of Providing Inventory Financing. The Credit Line must be used exclusively for Inventory Financing in any of the following ways:

(a) Advances Directly to Vehicle Sellers. From time to time, upon notice from Dealership or Vehicle Sellers, either or both of the Ally Parties may advance money directly to Vehicle Sellers for Vehicles acquired or proposed to be acquired by Dealership as Inventory Financed Vehicles. The Ally Parties will advance the actual dealer invoice amount or purchase price for each Vehicle sold, shipped or designated for shipment by such Vehicle Seller to Dealership (as provided in Section III.A.9 below). The Ally Parties will make payment in accordance with and in reliance on any invoice, draft, debit, contract, advice or other communication received by the Ally Parties from the Vehicle Seller. The Ally Parties are not required to verify the order or shipment of any Vehicle for which it pays a Vehicle Seller and are not responsible for any nonconformity of the Vehicle, delivery, or transaction between Dealership and a Vehicle Seller. If requested, Dealership will promptly provide invoices, bills of sale, title or other transaction documents pertaining to such Vehicles.

(b) Advances Directly to or on behalf of Dealership. From time to time, either or both of the Ally Parties may advance money directly to Dealership or to other third parties who are not Vehicle Sellers on behalf of Dealership to finance Vehicles then owned or proposed to be acquired by Dealership. In connection with such Inventory Financing, the Ally Parties will advance the amount indicated in Section III.A.9 below. Upon request by either or both of the Ally Parties, Dealership must provide the Ally Parties with satisfactory evidence of the value, ownership, and title status of the Vehicle(s), including the manufacturer's certificate of origin or title certificate, invoice or bill of sale, and the shipping receipt, bill of lading, and the like.

4. Evidence of Inventory Financing. The Ally Parties will maintain on their books and records in accordance with their usual practices, one or more accounts detailing the Inventory Financing, Wholesale Outstandings, and all Interest, Principal Reductions, Other Charges and any other related fees, costs, expenses, and payments owed by Dealership. On a monthly basis, the Ally Parties will furnish Dealership with statements of its account information ("Wholesale Billing Statement"). If only one Wholesale Billing Statement is provided by the Ally Parties, the Wholesale Billing Statement will indicate (by account number or otherwise) the Inventory Financing provided by each of the Ally Parties. Unless Dealership advises the Ally Parties in writing of any discrepancy on the Wholesale Billing Statement within ten (10) calendar days of receipt, and absent manifest error, the Wholesale Billing Statement will be deemed acknowledged and agreed to by Dealership and conclusive proof of Dealership's actual obligation to each of the Ally Parties as of the date of the Wholesale Billing Statement last received by Dealership.

5. [Reserved.]

6. Other Financing Accommodations. Upon Dealership's request, either or both of the Ally Parties may provide other forms of finance and / or credit accommodations which arise out of or relate to the business operations of Dealership and / or any of its owners, officers, or affiliates, including, without limitation, the discount purchase of retail installment sale and lease

agreements, working capital, revolving credit, equipment, and realty loans (such accommodations from either of the Ally Parties being, the "Other Financing Accommodations"). Except as otherwise expressly stated in this Agreement or in any other written agreements between such Ally Party and Dealership, the availability, amount, terms, conditions, provisions, continuation, documentation, and administration of Other Financing Accommodations are separate and distinct from the Inventory Financing under this Agreement and may be provided, if at all, only in the Ally Parties' discretion and only according to the terms and conditions of the written agreement between such Ally Party and Dealership.

7. Vehicles Eligible for Inventory Financing. Notwithstanding anything to the contrary in this Agreement or otherwise, Inventory Financing is available only for used Vehicles that (a) can be registered for use on public highways in the United States, (b) are of the then-current model year, or ten previous model years, and (c) have fewer than 150,000 miles.

8. Advance Floorplan Accommodation. The Ally Parties will allow the Dealership to obtain Inventory Financing on Vehicles for which the Dealership does not then hold a lien-free title, provided that: (a) the Dealership owns the Vehicle and it is not in process of being sold, (b) the Vehicle is subject to a lien noted on the certificate of title by the financial institution that provided retail credit accommodations for the prior owner, and no other lien is noted on the title or otherwise exists (to the knowledge of the Dealership), (c) the Dealership remits payment to that lienholder to discharge the retail lien upon or before requesting a floorplan advance for the Vehicle from the Ally Parties, (d) the floorplan proceeds are remitted directly to the Dealership, and (e) the Vehicle's title is lien-free within 30 calendar days of the floorplan advance date ("Advance Floorplan Accommodation"). Advance Floorplan Accommodation is provided by the Ally Parties in their sole discretion, and is subject to the Dealership's compliance with the terms of this program. The Dealership's compliance is validated at the time of floorplan audits. The Ally Parties reserve the right to rescind Advance Floorplan Accommodation promptly based on evidence of the Dealership's non-compliance.

9. Advance Rate. The maximum advance for each eligible Vehicle shall be: (a) for each Vehicle purchased from an auction, [***]% of the Dealership's cost, and (b) for any other Vehicle, [***]% of Black Book clean wholesale (no additions) value.

B. Interest, Principal Reductions, Late Charges, Costs, Expenses and Other Charges and Fees.

1. Interest Accrual, Rate, and Method of Calculation.

(a) Wholesale Outstandings owed to the Ally Parties will bear interest on and from the day after each advance or loan through the date of repayment in full. Interest will be determined using a 365/360 simple interest method of calculation, unless expressly prohibited by law ("Interest").

(b) The Interest rate is 425 basis points (the "Increment") above the 1-M LIBOR Index Rate* ("1-M LIBOR Index Rate" – this term does not include the Increment). The interest rate will be increased or decreased by the same amounts as the increase or decrease in the 1-M LIBOR Index Rate, effective on the first day of the next monthly billing period. Notwithstanding the foregoing, the 1-M LIBOR Index Rate is deemed to be 0% per annum if such rate is less than 0% per annum.

** The 1-M LIBOR Index Rate in effect for a monthly billing period will be the arithmetic mean of the 1-Month LIBOR rate for the calendar days from and including the 26th of the calendar month which is two months prior to the applicable monthly billing period and ending with the 25th of the month immediately preceding the applicable monthly billing period (the "Measurement Period"). The 1-Month LIBOR rate applicable to any day on which no rate is published will be the rate last quoted prior to such day.*

The "1-Month LIBOR rate" means the per annum rate of interest for one month deposits in U.S. Dollars for each day of the Measurement Period that appears on the Bloomberg Screen US0001M Index (London Interbank Offered Rate administered by the British Bankers' Association, New York Stock Exchange Euronext or other successor administrator for LIBOR) at approximately 11:00 a.m. London time, or if such source becomes unavailable or there is no such successor, the per annum rate of interest for one month deposits in U.S. Dollars for each day of the Measurement Period obtained from such other commercially available source providing quotations of LIBOR as Bank may designate.

The parties acknowledge that London Interbank Offered Rate ("LIBOR") may be phased out in the future. In the event that the Ally Parties will no longer utilize a LIBOR-based rate for Inventory Financing under this Agreement, the "1-M LIBOR Index Rate" will be re-defined as the successor base or reference rate applicable to Inventory Financing designated by the Ally Parties in their reasonable discretion. In such event, the Increment will be adjusted by agreement of parties so that the total interest rate paid by the Dealership immediately after the conversion from the LIBOR-based rate will approximate the total interest rate paid by the Dealership immediately prior to the conversion.

2. Maximum Interest. In no event will Interest owed to either or both of the Ally Parties under this Agreement exceed the maximum rate of interest allowed by law in effect at the time it is assessed. Each of the Ally Parties and Dealership intend to faithfully comply with applicable usury laws, and this Agreement is to be construed in accordance with this intent. If circumstances cause the actual or imputed interest contracted for, charged, or received by either or both of the Ally Parties to be in excess of the maximum rate of interest allowed by law, Dealership must promptly notify the affected Ally Party(ies) of the circumstance, and such Ally Party(ies) will either, at their discretion, refund to Dealership, or credit the Wholesale Outstandings owed by Dealership to such Ally Party(ies), with so much of the imputed interest as will reduce the effective rate of interest to an amount one-tenth of one per cent (0.10%) per annum less than the maximum rate of interest allowed by law for the applicable period.

3. Principal Reductions. The Dealership must make monthly principal reduction payments in an amount equal to 10% of the original principal amount (i.e., the aggregate advance) (each, a "Principal Reduction") for each Vehicle on Dealership's floorplan for more than 120 calendar days. Principal Reductions will be billed to Dealership monthly and, when paid by Dealership, will reduce the amount of the Wholesale Outstandings.

4. Late Charge. Unless prohibited by law, each of the Ally Parties may assess a late charge of up to five percent (5%) of any amount owed to such Ally Party(ies) that is not paid when due and payable ("Late Charge"). The Late Charge is in addition to Interest.

5. Costs, Expenses, Fees. Unless prohibited by law, Dealership must pay all expenses and reimburse each of the Ally Parties for any cost, expense, or other expenditures, including reasonable attorney fees and legal expenses; amounts expended by the Ally Parties on behalf of Dealership; collection and bankruptcy costs, fees and expenses; and all other amounts incurred by each of the Ally Parties in each case in the enforcement of any right or remedy, collection of any Obligation (as defined below), or defense of any claim or action in respect of this Agreement.

6. Other Charges and Fees. Except as otherwise provided herein, the Ally Parties may assess and Dealership will pay charges in connection with Inventory Financing, including, by way of example, transaction, processing, audit, collateral monitoring, non-compliance, over-age, and returned item in connection with Inventory Financing ("Other Charges"). Provided no Default has occurred, the Ally Parties will provide advance notice of at least 30 calendar days of new charges or changes to existing charges.

7. Commitment Fee. On the Effective Date, the Dealership shall pay the Ally Parties a Commitment Fee of $[***] ([***]).

8. Ally Dealer Rewards Program. The Dealership will continue to be eligible for the Ally Dealer Rewards (ADR) program, with the potential to earn up to 100 basis points (b.p.) on a quarterly basis. The Dealership's ADR penetration targets will be [***]%, [***]% and [***]% to achieve Tier II ([***] b.p. decrement), Tier III ([***] b.p. decrement), and Champions Club ([***] b.p. decrement), respectively. Because ADR targets are established in advance and expressed as a target number of contracts (rather than a percentage), ADR targets will be adjusted quarterly to account for fluctuations in the Dealership's retail sales. Additional details regarding the Dealership's participation in the ADR program will be provided under separate documentation, which is incorporated herein by reference.

C. Payments by Dealership.

1. Permissive Principal Payments. Except as otherwise expressly stated in this Agreement, Dealership may pay to the Ally Parties some or all of the Wholesale Outstandings and any other payment obligations at any time before they are due and payable without premium or penalty.

2. Required Payments. Dealership must fully pay to the Ally Parties the Wholesale Outstandings, Interest, Principal Reductions, Late Charges, Other Charges, costs, expenses, fees and any other payment obligations due under this Agreement, as follows:

   (a) the principal amount of the advance or loan by the Ally Parties for each Inventory Financed Vehicle within [***] business days after (the "Release Period") such Vehicle is sold, leased, consigned, gifted, exchanged, transferred, otherwise disposed of, registered, placed into service, or no longer in the possession of the Dealership, or if it is otherwise lost, stolen, confiscated, missing, or otherwise not received, or if it is damaged or destroyed;

   (b) the total amount specified in the Wholesale Billing Statement or other billing statements for Interest, Principal Reductions, Late Charges, Other Charges, costs, expenses, fees and any other payment obligations, immediately upon receipt from the Ally Parties; and

   (c) in any event, on March 5, 2021 (the "Maturity Date"), unless this Agreement is renewed or extended by written agreement executed by all parties hereto;

3. Method of Payment. All payments must be made by Dealership to the Ally Parties in good funds by one or more of the following methods: (a) draft, check, or other negotiable instrument, (b) wire transfer, electronic fund transfer, automated clearing house transfer, or other electronic means, or (c) chattel paper assigned to one of the Ally Parties that is acceptable to such Ally Party in its sole discretion. Upon request by either or both of the Ally Parties, Dealership must make all payments to such Ally Party(ies) in immediately available funds, certified check, bank check, and the like. Dealership must remit all payments owed to Ally and Bank under this Agreement to Ally at the local business office set forth in Section I.A above, or any other place as each of the Ally Parties designates from time to time.

4. "Full" Payment Defined. The requirement for making payments "fully" as set forth in this Agreement means that the required payment amount must be actually remitted to and received by the Ally Parties in whole, without setoff, recoupment, or netting of any other amounts which are or may be due Dealership by either of the Ally Parties or any affiliate of either of the Ally Parties. This does not include funds actually received by the Ally Parties from or on behalf of Dealership for specific application to a required payment by way of:

   (a) subvention, discount, subsidy, support, or supplementation from a Vehicle Seller; or

(b) credit, rebate, bonus, debit, disbursement, or other payment from either of the Ally Parties or any other person for the purchase of chattel paper, distribution from finance reserve accounts, application of account balances, and the like.

Absent payment actually being remitted by Dealership to the Ally Parties, payment is not "fully" made because either or both of the Ally Parties have:

(x) a right of setoff, recoupment, and the like;

(y) a Security Interest in or an assignment of Collateral (each as defined in Section III.D below), or the proceeds thereof; or

(z) a direct or indirect claim against a Vehicle Seller, surety, guarantor, or any other person.

Dealership's obligation to pay each of the Ally Parties as set forth in this Agreement is independent of any other rights that Dealership or either of the Ally Parties may have to effect payment from other sources and persons, and neither of the Ally Parties has any duty to undertake the enforcement of any other rights.

5. [Reserved.]

6. "Sold" Defined. "Sold" as set forth in this Agreement means the delivery or transfer of ownership, title or interest in the Vehicle(s) by Dealership to a third party.

7. Source and Application of Payment. The source of all payments due under this Agreement is presumptively deemed to be Collateral (as defined in Subsection III.D.1). Absent Default (as defined in Section III.H), the Ally Parties will apply payments pursuant to Dealership's instructions. Absent instruction from Dealership or in the event of Default, the Ally Parties may apply payments to any obligation due and owing by Dealership under this Agreement or under Other Financing Accommodations. A payment is not final to the extent of any defeasance of it by application of law. Payment made by check, draft, or other instrument will be deemed made by Dealership not later than one (1) business day after the instrument is accepted by the payor bank. Except as otherwise provided in any SmartCash Agreement between Dealership and either or both of the Ally Parties, payments made by wire transfer, electronic fund transfer, automated clearing house transfer, and other electronic means will be deemed made by Dealership upon posting of such payment by the Ally Parties.

8. Term, Maturity. The Term of this Agreement shall expire on the Maturity Date. On the Maturity Date: (a) all obligations of the Ally Parties to provide Inventory Financing, under this Agreement or otherwise, cease, and (b) all Obligations are immediately due and payable. Notwithstanding the expiration of the Term, the Dealership and Vroom shall continue to comply with the terms and conditions of this Agreement until all Obligations are indefeasibly paid in full to the Ally Parties in good funds.

D. The Ally Parties' Security Interests.

1. Grant of Security Interest. Dealership hereby grants to each of Bank and Ally a continuing security interest in and a collateral assignment of ("Security Interest") all of the following described property in which Dealership has or may have any rights, wherever located, whether now existing or hereafter arising or acquired and any and all accessions, additions, attachments, replacements, substitutions, returns, profits, and proceeds in whatever form or type, of any of the property ("Collateral"):

all Vehicles, including but not limited to those for which either of the Ally Parties provides Inventory Financing; other inventory; equipment; fixtures; accounts, including factory open accounts of Dealership; deposit and other accounts with banks and other financial institutions; cash and cash equivalents; general intangibles; all documents; instruments; investment property; and chattel paper.

2. The Obligations Secured. The Collateral secures payment and performance of all debts, obligations, and duties of Dealership to Bank and Ally of every kind and description, now existing or hereafter arising under this Agreement, Other Financing Accommodations, or otherwise, whether primary or secondary, absolute or contingent, due or to become due, direct or indirect, presently contemplated or not contemplated by Bank, Ally or Dealership, or otherwise designated by the parties as secured or unsecured ("Obligations").

3. Status of Collateral. The Collateral is held by Dealership in trust for each of the Ally Parties. The Collateral must be and remain free from all taxes, confiscations, assessments, forfeitures, loss, destruction, impairment, liens, security interests, pledges, claims, and encumbrances except for:

   (a) the Security Interest arising under this Agreement or other agreement in favor of the Ally Parties or their affiliates;

   (b) purchase money security interests in non-Vehicle Collateral; and

   (c) other security interests to which each of the Ally Parties specifically consents in writing.

   The grant of the Security Interest and the execution of any document, instrument, promissory note, or the like, in connection with it or the Obligations do not constitute payment or performance of any of the Obligations, except to the extent of actual, indefeasible payment of the Obligations from the realization by Dealership or the Ally Parties of the Collateral or otherwise. The Security Interest continues to the full extent provided in this Agreement until all Obligations are fully and indefeasibly paid and performed, even after this Agreement is terminated by Bank, Ally and/or Dealership, and regardless of whether the Credit Line is modified, suspended, terminated and / or reestablished.

4. Perfection of Security Interest. The Ally Parties may each file financing statements, mark chattel paper, notify account debtors, note liens on documents of title, and the like, in order to establish, confirm, and maintain a perfected Security Interest in the Collateral. Dealership will execute and deliver any documents necessary and appropriate for these purposes and otherwise irrevocably appoints each of the Ally Parties to do so. Each of the Ally Parties may require Dealership to pay any fee, cost, tax, or assessment required by any government entity to perfect and / or maintain each of the Ally Parties' Security Interest in the Collateral. All financing statements previously filed by either or both of the Ally Parties are hereby ratified and authorized by Dealership as of the date of filing.

5. Protection of Security Interest. Unless expressly prohibited by law, upon either of the Ally Parties' request, Dealership must immediately:

   (a) protect and defend the Collateral against the claims and demands of all other persons, including, but not limited to obtaining waivers from landlords, depository institutions and other parties which have access to or control over the Ally Parties' Collateral or proceeds of the Ally Parties' Collateral; and

(b) permit representative(s) of each of the Ally Parties to monitor Collateral by taking one or more of the following actions:

i. to enter any locations where Dealership conducts business or maintains Collateral, and to remain on the premises for such time as such Ally Party(ies) may deem desirable; and

ii. to take whatever additional actions as either or both of the Ally Parties may reasonably deem necessary or desirable to protect and preserve the Collateral, and to carry out, and to protect and preserve each of the Ally Parties' security rights and remedies.

6. Offset. In addition to the Security Interest, Bank has an absolute and continuing right of offset, recoupment, netting-out, and any other legal or equitable right to credit those assets of Dealership in the possession or control of Bank against any Obligations of Dealership to Bank, whether then matured, liquidated, or due. Ally has an absolute and continuing right of offset, recoupment, netting-out, and any other legal or equitable right to credit those assets of Dealership in the possession or control of Ally against any Obligations of Dealership to Ally, whether then matured, liquidated, or due.

7. Assignment of Accounts Due or to Become Due. Dealership assigns to each of Bank and Ally accounts which are due or to become due to Dealership from Vehicle Sellers and any other account debtors and other payment obligors (including banks and other depositories) of Dealership (such parties being "Account Debtors"). Dealership hereby authorizes and empowers each of Bank and Ally to demand, collect and receive from Account Debtors, and give such parties binding receipts for, all sums due and/or to become due and, in Dealership's name or otherwise, to prosecute suits therefor. If a Default has occurred, each of the Ally Parties may, at any time notify Dealership's Account Debtors to make payment directly to the Ally Parties of amounts in which the Ally Parties have a security interest. Dealership unconditionally and irrevocably authorizes and instructs each of its Account Debtors to make payment directly to the Ally Parties as instructed, and authorizes Account Debtors to rely on a copy of this Agreement as evidence of the authorization and instruction. The Ally Parties will account to Dealership for all sums received pursuant to this assignment and applied in the manner described in Subsection III.C.7. This assignment is irrevocable without the prior written consent of each of the Ally Parties and is provided as additional security for and not as payment of obligations now or hereafter arising to the Ally Parties. Dealership hereby appoints each Bank and Ally as its agent and attorney-in-fact for the sole purpose of executing or endorsing, on Dealership's behalf, any document, check or other instrument necessary to cause payment of sums assigned hereunder, or to perfect Bank's and/or Ally's security interest in the aforesaid accounts and payment intangibles.

E. Dealership's Handling of Vehicles.

1. Ownership and Taxes. Dealership will have and maintain absolute title to and ownership of each Vehicle, subject to each Ally Party's respective Security Interest in the Vehicle. Dealership will pay all taxes and assessments at any time levied on any Vehicle as and when they become due and payable.

2. Location. Dealership will keep Vehicles at Dealership's customary locations, including retail business locations, reconditioning center locations (which shall include reported third party locations used for reconditioning), and reported offsite storage locations, and will not remove them from those locations, except:

(a) for temporary relocation for repair, restoration, reconditioning, governmental inspection, and the like;

(b) as is consistent with the usage of the Vehicle as a Demonstrator (as defined in Subsection III.E.4);

(c) upon advance or concurrent notice to the Ally Parties, for bailment to another person for upfitting, completion, upgrading, modification, and the like; or

(d) upon advance or concurrent notice to the Ally Parties, for storage and display at a temporary location.

3. Condition. Dealership will keep Vehicles in good operating condition and repair, in good and marketable condition and will not alter or substantially modify any of them, except for upfitting, completion, upgrading, modification, reconditioning and repair.

4. Usage. Dealership will not use Vehicles illegally or improperly. Dealership will hold and consider them as inventory only for storage, exhibition, sale, or lease to retail customers in the ordinary course of business, except as follows:

(a) Demonstrators. From time to time, Dealership may use one or more Vehicles for demonstration and promotional purposes ("Demonstrator"), pursuant to the following additional terms and conditions:

i. Dealership may permit a potential customer to use and examine any Vehicle for the purpose of inspecting, test-driving, and considering the purchase or lease of a Vehicle.

ii. Upon approval by each of the Ally Parties, Dealership may provide a Vehicle to a person whose use of it will directly or indirectly promote the Dealership's business including:

- owners or employees of the Dealership;
- service customers, provided the Vehicle is for local use, short duration, and no fee is assessed;
- special persons associated with, but not employed by, Dealership (e.g., family, professionals, athletes); and
- a school board or accredited educational institution for use in driver education classes; provided.

iii. Dealership must provide each of the Ally Parties with the following information as to any Vehicle used as a Demonstrator:

- vehicle identification number;
- date that Vehicle is placed in service as a Demonstrator;
- date that Vehicle is removed from service as a Demonstrator;
- whether Vehicle is used in a driver education training program; and
- any additional information or documents that either or both of the Ally Parties may request from time to time.

iv. Upon either or both of the Ally Parties' request, Demonstrators are subject to:

- a term of no more than twelve months;
- inspection by each of the Ally Parties (including all related documents);
- reductions in principal balance in an amount determined by such Ally Party(ies);
- removal from service as a Demonstrator; and
- any other limitation imposed by either or both of the Ally Parties from time to time.

v. Dealership must obtain and maintain adequate types and levels of insurance coverage for vehicles used as Demonstrators.

5. Inspection. Without any advance notice to Dealership, each of the Ally Parties may at all times have access to, examine, audit, appraise, verify, protect, or otherwise inspect the Vehicles as frequently as each of the Ally Parties elects. The inspection may include examination and copying of all documents, titles, certificates of origin, invoices, instruments, chattel paper, computer records, bank statements, and all other books and records of the Dealership of or pertaining to the Vehicles or to determine compliance with this Agreement. Bank and Ally each have Dealership's continuing consent to enter the Dealership's premises to carry out inspections. In connection with the inspection, the Ally Parties may be assisted by, cooperate with, or discuss the financial and business affairs of Dealership with any of the officers, owners, employees, sureties, creditors, or agents of Dealership. Each of the Ally Parties may contact Dealership's customers to verify certain information material to the possession, acquisition, sale, or lease of any Vehicle.

6. Disposition. Dealership will not sell, lease, transfer, or otherwise dispose of any Vehicle, except to retail, dealer and wholesale customers in the ordinary course of the Dealership's business. Dealership will not sell, lease, transfer, or otherwise dispose of Vehicles in bulk (meaning more than [***] units or $[***] in value in a single transaction or multiple closely related transactions) without the Ally Parties' advance approval except in the ordinary course of its wholesale program.

7. Report of Damage, Loss. Promptly following discovery, Dealership will notify each of the Ally Parties of any occurrence in which a Vehicle is destroyed, lost, stolen, or missing. Dealership must use reasonable means to diligently repair and restore a damaged Vehicle to its original condition, replace, or locate any of these Vehicles, and keep the Ally Parties apprised of these efforts.

8. Risks. Neither of the Ally Parties has any risk or responsibility concerning the ownership, location, condition, usage, inspection, or disposition of any Vehicle or other Collateral whether or not permitted by this Agreement, including fire, theft, vandalism, mischief, collision, acts of terrorism, acts of God, property damage, personal injury, public liability, and the like ("Risks"). Dealership bears and assumes the Risks, unless imposed by law on another person and except to the extent of any insurance proceeds actually received by the Ally Parties. Dealership will indemnify and hold harmless Bank and Ally against all Risks, including injury and damage to persons, property, or Collateral caused by any of these Risks.

9. Insurance. Except to the extent that both of the Ally Parties obtain insurance for themselves on one or more of the Risks, Dealership must acquire and maintain one or more policies of insurance on losses which may arise as a consequence of the Risks on any of the Vehicles or, as requested by either or both of the Ally Parties, on other Collateral. The amounts, deductibles, provider, term, cancellation rights, and types of insurance are subject to approval by each of the Ally Parties, on which each of the Ally Parties must be named as a loss payee, as each of their interests may appear. Dealership must provide each of the Ally Parties with one or more certificates of insurance evidencing compliance with this Subsection III.E.9.

F. Representations and Warranties of Dealership. Dealership and Vroom represent and warrant to each of the Ally Parties the accuracy and completeness of each of the following statements as of the effective date of this Agreement. Dealership and Vroom will immediately notify each of the Ally Parties of any known or expected material change to any of these statements. Otherwise, they are deemed as continuing and reaffirmed each time either of the Ally Parties provides Inventory Financing to Dealership.

1. Dealership Existence. Dealership is duly formed, constituted, and is in good standing in the jurisdiction in which it is located, as "location" is determined under Article 9 of the Uniform Commercial Code, as amended from time to time. Dealership has all government and other permits, licenses, authorizations, and approvals necessary to do business lawfully in all material respects in the jurisdiction in which any of its business operations are located.

2. Dealership Leases and Contracts. Dealership operates and is in compliance in all material respects with all material leases and contracts, if any.

3. Dealership Authorization. Dealership is authorized and empowered to execute and deliver this Agreement and to do all things necessary and appropriate to fulfill and implement the terms and conditions of it.

4. Legal Compliance. Dealership is in compliance in all material respects with all federal, state, and local laws, regulations, and ordinances.

5. Financial Condition. The financial statements of Vroom and/or Dealership which have or may be submitted to either or both of the Ally Parties, either directly or indirectly (e.g., through a Vehicle Seller), by Dealership or an agent of Dealership (e.g., accountant), fairly presents the financial condition of Dealership in accordance with generally accepted accounting principles applied on a consistent basis. Other information on the financial condition of Dealership which has or may be submitted to either or both of the Ally Parties fairly presents the financial condition of Dealership in all material respects.

G. Additional Promises. Dealership and, only where expressly applicable, Vroom promise and covenant to comply with the following:

1. The Dealership will provide each of the Ally Parties with accurate and complete information, data, books, records, documentation, and the like, concerning:

   (a) All material financial and business matters of Dealership, upon request by either or both of the Ally Parties; and

   (b) All material changes concerning the Dealership's name, address, tax status, entity, structure, capitalization, indebtedness, solvency, and ownership, promptly following any change.

2. The Dealership and Vroom will provide each of the Ally Parties with:

   (a) Copies of Vroom's monthly financial statements as soon as reasonably practicable after their preparation, but, in any event, within forty (40) days of the end of each calendar month;

   (b) Copies of Vroom's quarterly financial statements within fifteen (15) days of completion of such statements, but not later than forty-five (45) days of the quarter end;

   (c) Copies of Vroom's annual audited financial statements within fifteen (15) days of completion of such statements, but not later than May 1 of each year;

   (d) Copies of the Dealership's bank account statements, with accompanying reconciliations, to be provided quarterly within the month immediately following the end of each calendar quarter (e.g., March 2020 bank statements and reconciliations must be received by the Ally Parties on or before April 30, 2020); and

   (e) A monthly certification of compliance with the Financial Covenants described below, at the same time each monthly financial statement is to be provided to the Ally Parties.

3. The Dealership and Vroom will comply with the following financial covenants, tested monthly (as of month-end) based on the Dealership's monthly financial statements:

   (a) Minimum Liquidity: The Dealership and Vroom will, on a consolidated basis, maintain unrestricted cash and cash equivalents of not less than 10% of the outstanding wholesale principal balance under the Credit Line.

      i. Unrestricted cash and cash equivalents shall include cash maintained in the Dealership's bank account(s), plus outstanding deposits, less outstanding checks, less bank fees, all as of the month-end for which the covenant applies.

      ii. Unrestricted cash and cash equivalents shall not include any amounts used to establish the Minimum Required Balance under the Credit Balance Agreement entered into contemporaneously with this Agreement.

   (b) Inventory Equity: The Dealership will maintain used vehicle inventory equity of at least 10%.

      i. Includes all vehicles owned by the Dealership and covered by the Ally Parties' security interest, including the Dealership's wholesale vehicles.

      ii. Net of inbound transportation costs, unpaid lien payoffs, sales tax payables, and other third party payables.

      iii. Unrestricted cash and cash equivalents in excess of the Minimum Liquidity requirement may be used to satisfy this covenant.

   (c) Minimum Net Worth: Vroom will maintain Tangible Adjusted Net Worth of at least $167,000,000. Tangible Adjusted Net Worth is defined as shareholder equity plus redeemable convertible preferred stock based on GAAP compliant financial statements.

4. The Dealership and Vroom will comply in all material respects with all of the Dealership's obligations under the Credit Balance Agreement entered into contemporaneously with this Agreement (and any amendments or modifications to such agreement), including, but not limited to, maintaining a Minimum Required Balance (as defined in the Credit Balance Agreement) equal to not less than 10% of the Monthly Floorplan Allowance, except as otherwise agreed by the Ally Parties.

5. The Dealership and Vroom will comply with the Change in Control and Key Man Event Provisions contained in the Covenant Addendum to this Agreement.

6. The Dealership and Vroom will arrange for each of the Ally Parties to obtain and maintain a continuing, absolute and unlimited guaranty of payment of all amounts owed under or in connection with this Agreement, on terms and conditions that are acceptable to the Ally Parties, from Vroom.

7. The Dealership and Vroom will at all times, remain in good standing under, and have not received or sent notice of termination of, any material leases or contracts, if any.

8. Audit Performance: The Dealership will maintain satisfactory inventory and sold vehicle audit performance. Unless waived by the Ally Parties, payment delays in excess of [***]% (delays, meaning payment of principal on sold Vehicles outside of the Release Period, as a percentage of total releases) will result in an audit fee of $[***] per audit.

H. Default. An occurrence of any one or more of the following events constitutes a default by Dealership under this Agreement ("Default"):

1. Failure of Dealership to pay when due the full amount owing to either of the Ally Parties under Sections III.B and III.C above;

2. The occurrence of a Material Adverse Change, meaning a material adverse change in the business, condition (financial or otherwise), operations or properties of Dealership and Vroom (on a consolidated basis), which is reasonably likely to impair the ability of the Dealership to perform its obligations under this Agreement;

3. The breach of, or the failure of Dealership or Vroom to fully comply with or duly perform, any term, condition, promise or covenant of this Agreement, any other Obligation or any Other Financing Accommodation, and such breach or failure continues for a period of five (5) business days after notice thereof to the Dealership and Vroom by the Ally Parties, or, with respect to breach under any Other Financing Accommodation, such breach continues for a period of the greater of (x) five (5) business days after notice thereof and (y) the period for cure set forth in that Other Financing Accommodation;

4. Any representation, statement, or warranty made by Dealership or Vroom to either of the Ally Parties in this Agreement or otherwise, is materially false or misleading when made; and/or

5. The inability of Dealership or Vroom to pay debts as they mature, or any proceeding in bankruptcy, insolvency, or receivership, instituted by or against Dealership, Dealership's property or Vroom.

I. Waiver and Modification of Certain Important Rights. Unless and only to the extent not expressly prohibited by law, Dealership, Vroom, Bank and Ally expressly and affirmatively waive and modify certain very important rights, as follows:

1. Claims. Any and all claims, causes of action, suits, rights, remedies, disputes, complaints, defenses, and counterclaims between either or both of the Ally Parties on the one hand and either or both of Dealership and Vroom on the other hand, or any of their officers, agents, employees, subsidiaries, affiliates, members, owners, or shareholders directly or indirectly arising out of or relating to the terms or subject matter of this Agreement or Other Financing Accommodations, whether in contract, tort, equity, statute, or regulation, or pertaining to conversion, fraud, defamation, negligence, franchise, licensing, or distribution or the defect, non-conformity, price, or allocation of Vehicles by any Vehicle Seller, or otherwise, but not including actions for and enforcement of provisional remedies otherwise provided by law, equity, or agreement between the parties, suits for debt, enforcement of security interests, or claims pursuant to Section III.J. below, ("Claim") are subject to each of the following:

   (a) Claim Resolution. Notwithstanding anything to the contrary in this Agreement, the resolution of any Claim ("Claim Resolution") will occur, if at all, only in accordance with the following provisions and sequence:

      i. Informal discussion and negotiation between executive level managers of Dealership, Vroom and the Ally Party(ies) asserting a Claim or against which a Claim is asserted;

      ii. Mediation in accordance with the rules of commercial mediation as published from time to time by the American Arbitration Association, JAMS, or any other nationally recognized alternative dispute resolution organization, selected by the party against whom the Claim is being asserted; and

      iii. Litigation in a court of competent jurisdiction.

   (b) **Jury Waiver. Bank, Ally, Dealership and Vroom waive and renounce the right under federal and state law to a trial by jury for any Claim.**

2. Choice of Law. This Agreement must be construed, interpreted, and enforced in accordance with the laws of the state of Texas without regard to its conflict of laws rules.

3. Limitation of type and nature of damage Claims. With respect to any Claim:

   (a) Liability and Damages for Handling Payments. Neither of the Ally Parties nor Dealership will be liable for Claims arising from the handling of advances, principal repayments and interest payments via automated clearinghouse ("ACH") transactions or otherwise, except for acts and omissions that constitute gross negligence or willful misconduct. In no event will any party be liable for any delay in transmitting advances, principal repayments or interest repayments via ACH transaction due to equipment, communication or electronic failures or any other cause beyond that party's reasonable control. In any event, the liability of any party for activities relating to the handling or remitting of payments will not exceed an amount equal to the actual dollar amount of processing entries that are the subject of the Claim.

   (b) Liability and Damages for Other Activities. In the case of Claims other than those outlined in Subsection III.I.3(a), Dealership's damages under this Agreement are expressly limited to the lesser of:

      i. the actual dollar amount of Dealership's economic or financial loss; or

      ii. reasonable dollar amount of lost future profits for not more than two (2) years from the accrual date of the Claim.

   (c) Other Damages. Neither Dealership nor Vroom will assert, and neither of the Ally Parties will be liable for, any Claim for consequential, incidental, punitive or exemplary damages.

4. Notification of information to Others. Bank and Ally each have the right, but not the obligation, to notify guarantors, sureties, Vehicle Sellers, Account Debtors and other third parties (e.g., owners, officers, etc.) of the terms, administration, or performance of this Agreement.

5. Information From and To Third Persons. Dealership and Vroom irrevocably and continuously consents to the disclosure of all types and kinds of information in any format concerning the Dealership by third persons to each of the Ally Parties and by each of the Ally Parties to third persons, including regulators of either Ally Party, and the obtaining of information by each of the Ally Parties from third persons, including, by way of example, credit, financial, and business information, whether of direct actual experience or obtained from other sources. The exchange of information is limited to persons having an ownership, business, financial, audit, official, credit, trade, suretyship, lending, legal, regulatory, supervisory, or other suitable reason to have or know the information. Each of the Ally Parties may, but is not required to, report to others on its credit relationship with Dealership and Dealership and Vroom acknowledge that though each of the Ally Parties will endeavor to ensure the accuracy of such reports, neither of the Ally Parties has any liability and is exculpated from any liability for any inaccuracy in its reports, unless provided by such Ally Party in a grossly negligent manner.

6. Confidentiality.

   (a) Unless prior written approval is obtained from Dealership, the Ally Parties will not disclose Dealership's Confidential Financial Information to any third person or entity, other than state or federal regulators that have authority over the Ally Parties, or third persons or entities who provide services to the Ally Parties and who are under an obligation of confidentiality to the Ally Parties. In this Section III.I.6, "Confidential Financial Information" means any financial information about Dealership or its subsidiaries, including, but not limited to, number of units sold, received by either or both Ally Parties

from Dealership that: (i) is marked "Confidential"; and (ii) was not publicly available or previously known to the Ally Parties. The Ally Parties shall use Dealership's Confidential Financial Information only for legitimate business purposes in connection with existing or proposed transactions between Dealership and either or both Ally Parties.

(b) The Ally Parties acknowledge the Confidential Financial Information protected by the terms of this Section III.I.6 is of a special character, such that money damages would not be sufficient to compensate Dealership for any unauthorized use or disclosure. The Ally Parties agree that injunctive and other equitable relief may be pursued to prevent any actual or threatened unauthorized use or disclosure of Confidential Financial Information. The remedy stated above may be pursued in addition to any other remedies available at law or in equity.

(c) The Ally Parties acknowledge that United States securities laws prohibit any person who has material, non-public information from purchasing or selling Dealership's publicly-traded securities or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

7. Waiver of Claims. Dealership and Vroom hereby waive and release Ally, Bank, and their respective officers, employees and agents from and against any and all past and present claims, defenses, causes of action or damages arising from any act, undertaking, omission, agreement or event occurring prior to the Effective Date, other than typical and customary claims in the ordinary course of Dealership's business.

J. Default or Insecurity. Notwithstanding and without regard to the provisions of Section III.I, in the event of Default by Dealership or Vroom, then either or both of the Ally Parties may exercise any one or more of the following provisional rights and remedies in addition to those otherwise provided by law. These provisional rights and remedies are cumulative and not alternative, are non-exclusive, and may be enforced successively or concurrently. The single or partial exercise of any right or remedy does not waive or exhaust any other rights or remedies or waive any present or future Default of any kind. Other than expressly provided herein, neither Dealership nor Vroom has a grace period or right to cure any default.

1. Demand. Either or both of the Ally Parties may demand immediate payment in full of all Obligations owed by Dealership to such Ally Party(ies).

2. Custody and Control of Certain Collateral. Dealership must immediately comply with any request by either of the Ally Parties to:

(a) turn over to the Ally Parties or some other party designated by the Ally Parties custody or control of all keys, certificates of title, documents of title, bills of sale, invoices, and other records or instruments of ownership pertaining to the Vehicles or to the Collateral;

(b) turn over to the Ally Parties or some other party designated by the Ally Parties custody or control of all documents, books, records, papers, accounts, chattel paper, electronic chattel paper, instruments, promissory notes, general intangibles, payment intangibles, supporting obligations, contract rights, software, or any similar types of tangible or intangible property relating to or comprising the Collateral;

(c) establish and maintain an account, separate from other Dealership accounts, at a federally insured financial institution with which Dealership and/or its affiliates have had no business or lending relationship for a minimum of six (6) months before setting up the account, into which cash, instruments, and other proceeds of Collateral are to be deposited and segregated from other funds of Dealership.

3. Repossession of Collateral. Either or both of the Ally Parties may take immediate possession of the Collateral, without demand, further notice to or consent of Dealership, and with or without legal process. Upon request by either or both of the Ally Parties, Dealership must assemble the Collateral and make it available to such Ally Party(ies) at a reasonably convenient place designated by such Ally Party(ies), including the Dealership premises. Dealership irrevocably authorizes and empowers each of the Ally Parties and their agents to enter upon the premises where the Collateral is located and remove it or render portions of it unusable ("Collateral Recovery"). Dealership irrevocably waives any bonds, surety, or security which may be required by any rule, law, or procedure in connection with Collateral Recovery.

4. Suit at Law or in Equity. Either or both of the Ally Parties may institute proceedings in a proper court of law or equity to enforce any and all provisional remedies such Ally Party(ies) have at law or equity, including injunctive relief and action for possession of Collateral, an order for accounting, appointment of a receiver or examiner, or the like. Either or both of the Ally Parties may apply for and have granted any equitable or other legal relief appropriate to enforce any right or remedy including specific performance and the issuance of any ex parte preliminary injunction to protect the Collateral.

5. Refrain from Disposition. Upon request by either or both of the Ally Parties, Dealership will not sell, lease, or otherwise dispose of any Vehicles or other Collateral without the prior written consent of each of the Ally Parties.

6. Turnover of All Proceeds. All amounts received by Dealership or Vroom upon the sale, lease, or other disposition of any Vehicle must be paid to the Ally Parties even if it exceeds the specific amount for which the Ally Parties provided Inventory Financing for that Vehicle. Payments may be applied by the Ally Parties to the Obligations, as determined by the Ally Parties, unless otherwise required by law.

7. Direct Collection of Collateral. Either or both of the Ally Parties may make direct collection of any Collateral in the possession or control of any third party, including, but not limited to, chattel paper, accounts, accounts with Vehicle Sellers, instruments, and proceeds.

8. Disposition of Collateral. Following total or partial Collateral Recovery, either or both of the Ally Parties may sell, lease, or otherwise dispose of all or any portion of the Collateral not less than ten (10) calendar days after giving Dealership written notice of the public or private sale or as permitted by law which it proposes for the account of Dealership. The sale of Vehicles at an auction at which only other dealers or Vehicle Sellers are generally invited to attend is deemed to be a "private sale."

9. "Commercially Reasonable" Defined. Any of the following, nonexclusive, methods of Collateral disposition is deemed "commercially reasonable" in accordance with Article 9 of the Uniform Commercial Code:

   (a) repurchase of any Vehicle, parts, or accessories manufactured by the original Vehicle Seller pursuant to the terms of a repurchase agreement between such Ally Party and Vehicle Seller, in accordance with a franchise granted to Dealership by the Vehicle Seller or pursuant to any applicable state law that requires a repurchase of Vehicles, parts, or accessories;

   (b) sale of any parts or accessories to the highest bidder in an auction sale, in lieu of a sale to a Vehicle Seller pursuant to a repurchase agreement, where the proceeds to either or both of the Ally Parties are reasonably believed to be higher than they would be under the repurchase agreement;

   (c) sale to the highest cash bid from dealers in the type of property repossessed, whether in bulk or parcels; and

(d) sale at any physical or virtual auction, including SmartAuction, at which only dealers of multiple or single Vehicle manufacturer are generally invited to attend.

10. Deficiency. Dealership must fully and immediately pay to each of the Ally Parties any deficiency remaining after disposition of the Collateral, except to the extent expressly modified by each of the Ally Parties in writing.

11. Limited Power of Attorney. Dealership hereby irrevocably appoints each of Bank and Ally, acting through any of their respective officers and employees, its true and lawful attorney for and in its name, stead, and behalf as if fully done by Dealership, to sign, endorse, execute, negotiate, compromise, settle, complete, and deliver:

(a) any invoice, bill of sale, certificate of title, manufacturer's certificate of origin, application, and any other instrument or document pertaining to title or ownership or the transference thereof of any Collateral;

(b) any financing statement, notice, filing, or document pertaining to the enforcement of the Security Interest in Collateral; and

(c) any check, draft, certificate of deposit, credit voucher, or any other medium of payment, insurance claims, proof of loss, instrument, or document pertaining to or proceeds of any Collateral;

This limited power of attorney is coupled with an interest and may be relied upon by any third party without any duty to inquire as to its continued effectiveness. Neither Bank nor Ally will be liable for any acts or omissions, nor for any error of judgment or mistake of law or fact in the exercise of any authorization under this limited power of attorney.

12. Default Rate of Interest. To the extent permitted by law, each of the Ally Parties may immediately assess a default rate of Interest up to the current rate of Interest plus [***] percent ([***]%).

13. Duty of Care. Neither of the Ally Parties has any duty as to the collection or protection of Collateral, nor as to the preservation of any rights pertaining to it, except for the use of reasonable care in the custody and preservation of the Collateral when in the possession of such Ally Party.

14. Suspend Credit Lines. Bank and/or Ally may suspend any and all Inventory Financing accommodations to Dealership. Suspension may occur without any advance notice to or demand upon Dealership. Any suspension is prospective only and will not affect the Inventory Financing previously provided to Dealership or for which either or both of the Ally Parties is obligated to provide to a Vehicle Seller.

K. Additional Provisions.

1. Authenticity and Authority. Each of the Ally Parties may rely and act upon any form of communication purportedly sent by Dealership as the authentic and duly authorized act of Dealership, in the implementation or furtherance of the purposes of this Agreement, whether by electronic, computer, telegraphic, facsimile, telephonic, personal or paper delivery, transmission, or otherwise; provided such Ally Party:

(a) acts in good faith;

(b) has no actual knowledge of information to the contrary; and

(c) the practice is customary with dealers generally or Dealership specifically.

The Ally Parties have no obligation to scrutinize, inquire, or confirm any communication.

2. Written Waivers Only. A waiver, release, estoppel, or defense of any provision of this Agreement is effective only if it is in writing signed by the party sought to be bound by it.

   (a) No course of dealing nor the delay or failure of either or both of the Ally Parties to enforce any right or remedy, in whole or in part, to demand payment or to declare an event of Default under this Agreement will:

      i. alter or affect any of Dealership's obligations or such Ally Party's(ies') rights and remedies; or

      ii. operate as a waiver, release, estoppel, or defense thereof.

   (b) Conversely, any notice to or demand on Dealership by either or both of the Ally Parties in any event not specifically required under this Agreement does not entitle Dealership to any other or further notice or demand in the same, similar, or other circumstances unless specifically required by this Agreement.

   (c) There can be no waiver of this Subsection III.K.2, except in writing signed by the party against whom the alleged waiver is asserted. Reliance by any party on an oral representation will be deemed unreasonable.

3. Relationship of Ally Parties and Dealership. The relationship between each of the Ally Parties and Dealership is one of creditor and debtor, respectively, based upon this Agreement and/or Other Financing Accommodations. There is no fiduciary, trust, representative, confidential, partnership, or other special relationship between either of the Ally Parties and Dealership. Dealership is not a counselor, advisor, agent or legal or other representative of Bank or Ally. Neither Bank nor Ally is a counselor, advisor, agent, or legal or other representative of the Dealership, except for the limited powers of attorney expressly described in this Agreement, and each of them recognizes the ability, importance, and freedom to consult with any accountants, attorneys, agents, advisors, and business consultants of their choice in connection with the review, execution, and administration of this Agreement. Neither of the Ally Parties controls, supervises, or manages Dealership. The Ally Parties do not have any investment in Dealership, whether equity or otherwise.

4. Relationship with Vehicle Sellers. The Ally Parties do not represent the interests of any Vehicle Seller. The relationships of each of the Ally Parties and Dealership to any Vehicle Seller are separate and distinct from one another. Neither of the Ally Parties is under the control of any Vehicle Seller, despite any business, consultative, investment, ownership, legal, or other relationship either of the Ally Parties may have with one or more Vehicle Seller. Nothing in this Agreement obligates Dealership to obtain Inventory Financing from the Ally Parties based on any relationship that either of the Ally Parties may have with one or more Vehicle Sellers.

5. Assignment. Dealership must not assign or cause the transfer of any duties or obligations under this Agreement without the express prior written consent of each of the Ally Parties. Each of the Ally Parties may freely assign its rights, duties and obligations under this Agreement so long as the assignee assumes all rights, duties and obligations under this Agreement.

6. Amendments. Neither this Agreement nor any related agreement nor any provision hereof or thereof may be modified or amended except pursuant to an agreement or agreements in writing signed by Ally, Bank, Vroom and Dealership.

7. Definitions and Word Meanings. The word “may” or any other term in this Agreement signifying a permissive, elective, or optional right of a party to act or decide, or to refuse to act or decide, will mean and be construed as providing the complete and absolute prerogative of that party to do so in its sole, unfettered discretion. The word “will” is a mandatory word denoting an obligation to pay or perform. Otherwise, unless the context otherwise clearly requires, the terms used in this Agreement must be given the meaning ascribed to them in accordance with the capitalized definitions established throughout this Agreement; the Uniform Commercial Code, as amended from time to time; and common and ordinary usage in law and commercial practice, respectively.

8. Section Captions. The captions inserted at the beginning of each article, section, and subsection are for convenience only and do not limit, enlarge, modify, explain, or define the text thereof nor affect the construction or interpretation of this Agreement.

9. Effective. This Agreement substitutes and supersedes any previously executed agreement between Dealership and either or both of the Ally Parties concerning wholesale inventory floor plan finance accommodations and will govern Dealership’s inventory floor plan finance indebtedness to each of the Ally Parties now outstanding under any prior agreement (e.g., Wholesale Security Agreement, Bank or Ally Form 178 and all amendments to it) or incurred under this Agreement. This Agreement is not a novation or transformation of any prior obligation but merely restates and substitutes for any prior agreement related to inventory floor plan finance accommodations.

10. Termination. This Agreement is effective until terminated upon the earlier of (i) the Maturity Date, (ii) an event of Default, at the non-defaulting party’s option exercised by sending written notice of termination to the defaulting party, or (iii) after receipt of a written notice of termination sent as outlined below. Termination will not relieve any party from any duty or obligation incurred, or right, waiver, modification, or benefit bestowed, prior to the effective date of the termination.

    (a) Dealership may at any time and for any or no reason provide written notice of termination to the Ally Parties that Dealership will no longer request the Ally Parties to provide additional Inventory Financing under this Agreement, and within sixty (60) days of sending this notice, Dealership will pay to the Ally Parties in full the Wholesale Outstandings, accrued Interest, late charges, expenses, Other Charges and any other payment obligations under this Agreement then outstanding. Provided that the Dealership has not received notice indicating that one of the Ally Parties has assigned the Wholesale Outstandings owed by Dealership to such Ally Party and its rights, duties and obligations under this Agreement to another party (“Assignee”), Dealership’s termination pursuant to this Subsection III.K.10(a) will apply to both of the Ally Parties.

    (b) In the event that the Dealership has received notice indicating that one of the Ally Parties has assigned the Wholesale Outstandings owed to such Ally Party and its rights, duties and obligations under this Agreement to an Assignee, then Dealership may provide written notice of termination to one of the Ally Parties or its Assignee that Dealership will no longer request such party to provide additional Inventory Financing under this Agreement, and at the time of sending this notice, Dealership will immediately pay to such party in full the Wholesale Outstandings, accrued Interest, late charges, expenses, Other Charges and any other payment obligations under this Agreement then outstanding to such party.

11. Binding. This Agreement is binding on Bank, Ally, and Dealership and their respective successors, administrators, and assigns.

12. No Third Party Beneficiary. Except as outlined in Section III.D.7, no Vehicle Seller or any person (other than Bank, Ally, Dealership, and Vroom) may rely on this Agreement or any term or provision contained in this Agreement.

13. Severability. Any provision of this Agreement prohibited by law is ineffective only to the extent of the prohibition without invalidating the remaining provisions of this Agreement.

14. Notice. Any notice required to be given by this Agreement or by law is deemed reasonably and properly given if sent to the other party within the time frame set forth in this Agreement, but in any event no less than ten (10) calendar days, at the address set forth in Section I above by any one of the following nonexclusive methods:

    (a) United States certified, registered, or first class mail, postage prepaid;

    (b) Use of a commercially recognized express delivery service;

    (c) Electronic mail or facsimile transmission; or

    (d) Personal delivery.

15. Separate Credit Accommodations. Despite the fact that Ally may be acting as a servicer or agent on behalf of Bank, Dealership recognizes that Ally and Bank are providing separate credit accommodations to Dealership with the terms consolidated in a single document and credit line for the convenience of the parties. Bank is not responsible for the performance or conduct of Ally and Ally is not responsible for the performance or conduct of Bank. Dealership shall not assert against Bank any claim, defense or set-off relating to Ally and Dealership will not assert against Ally any claim, defense or set-off relating to Bank. This Agreement does not create any rights and obligations between Ally and Bank.

16. Time of the Essence. Time is of the essence as to this Agreement. There is no grace period, right to cure, or other indulgence provided in the terms and conditions of this Agreement unless expressly provided for in this Agreement or in a separate writing signed by the party against whom it is asserted.

17. Entire Agreement. This document contains the entire agreement of Bank, Ally and Dealership concerning the subject matter set forth herein. There are no other oral or implied agreements, understandings, or representations between them. Dealership has not relied on any statement, promise, or representation made by anyone connected with Bank or Ally, except as provided in this Agreement or any related document.

18. No Interpretive Presumptions. The language in this Agreement will be construed according to the fair and usual meaning of the language and will not be strictly construed for or against either party.

19. Continued Cooperation. Dealership will execute and deliver to each of the Ally Parties any and all documents, notices, instruments, and other writings and perform all acts necessary and appropriate to fully implement the terms and conditions of this Agreement. Dealership hereby irrevocably appoints each Bank and Ally, acting through any of their officers and employees, its true and lawful attorney for and in its name, stead and behalf as if fully done by Dealership to execute, complete and deliver any other document, instrument, or agreement in connection with this Agreement to supply any omitted information and correct any patent errors in any of them. This limited power of attorney is coupled with an interest and may be relied upon by any third party without any duty to inquire as to its continued effectiveness. Neither Bank nor Ally will be liable for any acts or omissions, nor for any error of judgment or mistake of law or fact in the exercise of any authorization under this limited power of attorney.

20. Use of Pronouns. All personal pronouns, whether used in the masculine, feminine or neuter gender, will include all other genders; the singular will include plural, and the plural will include the singular.

21. Counterparts. This Agreement may be signed in counterparts, each of which is deemed an original and all of which taken together constitute one and the same agreement. Any electronically placed or delivered (e.g., via fax or email) signatures of the parties constitute and are deemed original signatures for all purposes.

22. Quarterly Executive Committee Meetings. The Ally Parties, the Dealership and Vroom agree to conduct an "Executive Committee Meeting" each quarter, at such times and locations as may be agreed to by the parties

    (a) Participants may include, without limitation, Vroom's CEO, CFO, Chief Revenue Officer, VP of Consumer Finance and Treasurer, and the Ally Parties' Regional VP, Regional Executive Director and Sr. Director with responsibility for Vroom's account

    (b) The topics to be discussed may include, without limitation used vehicle market conditions, the monthly, quarterly and annual results reflected in the financial statements provided by Vroom, and Vroom's forecasted acquisition plans as they relate to floorplan capacity.

    (c) Matters discussed at the Executive Committee Meeting and materials prepared by the parties in connection therewith shall be held in confidence.

Agreed to as of the Effective Date.

[Signature page to Inventory Financing and Security Agreement dated as of March 6, 2020.]

Ally Bank

By: /s/ Steven B. Gambrel
Name: Steven B. Gambrel
Title: Authorized Representative

Date: March 6, 2020

Left Gate Property Holding, LLC

By: /s/ David K. Jones
Name: David K. Jones
Title: Chief Financial Officer

Date: March 6, 2020

Ally Bank

By: /s/ Steven B. Gambrel
Name: Steven B. Gambrel
Title: Authorized Representative

Date: March 6, 2020

Vroom, Inc.

By: /s/ David K. Jones
Name: David K. Jones
Title: Chief Financial Officer

Date: March 6, 2020

COVENANT ADDENDUM

Change in Control and Key Man Event Provisions

Change in Control or Key Man Event: Upon the occurrence of a "Change in Control" or a "Key Man Event" (both defined below), the Ally Parties shall have the right, but not the obligation, upon written notice, to require that the Dealership immediately increase the Minimum Required Balance maintained pursuant to the Credit Balance Agreement entered into contemporaneously with this Agreement from 10% to 15% of monthly floorplan allowance (such written notice, a "CBA Increase Notice").

1. Deposit Account Control Agreement Option: In the event the Ally Parties provide the Dealership with a CBA Increase Notice and the Dealership complies with the requirements thereof, the Dealership may be relieved of the requirement to increase the Minimum Required Balance maintained pursuant to the Credit Balance Agreement (i.e., the minimum credit balance requirement will revert to 10%) if the Dealership satisfies the following: The Dealership will establish and maintain a deposit account, separate from other Dealership accounts, at a federally insured financial institution with which the Dealership and its affiliates have had no business or lending relationship for a minimum of six months before setting up the account, into which cash, instruments, and other proceeds from the sale of the Ally Parties' vehicle collateral must be deposited and segregated from other funds of Dealership, where such account is subject to a three-party Deposit Account Control Agreement between the Ally Parties, the Dealership and the financial institution, pursuant to which the Ally Parties would have the right to elect to control the account in the event of a Default under the Agreement (subject to applicable notice and cure rights under the Agreement).
2. Failure to comply with the CBA Increase Notice, if delivered by the Ally Parties, will constitute an Event of Default under the Agreement.
3. Following a CBA Increase Notice related to a Key-man Event, upon replacement of the departed executive with a person reasonably acceptable to the Ally Parties, all terms of the floorplan facility shall revert to the terms that were in place prior to such CBA Increase Notice.

Definitions:

"Change of Control" means the occurrence of any of the following prior to the completion by Vroom of an IPO:

(a) any combination of the existing stockholders of Vroom shall fail to own, directly or indirectly, in the aggregate, equity interests in Vroom representing more than 50.0% of the aggregate ordinary voting power represented by the issued and outstanding equity interests of Vroom entitled to vote in the election of directors; provided, however, that a Change of Control shall not include or be deemed to have occurred under this subsection (a) upon the occurrence of an IPO;

(b) a majority of the members of the Board of Directors of Vroom ceases to be composed of individuals (i) who were members of such Board on the Effective Date, (ii) whose election, nomination or appointment to such Board was made pursuant to contractual rights of a stockholder of Vroom, or (iii) whose election, nomination or appointment to such Board was approved by individuals referred to in clause (i) and (ii) above constituting at the time of such election, nomination or appointment at least a majority of such board; provided, however, that a Change of Control shall not include or be deemed to have occurred under this subsection (b) upon the occurrence of a reconstitution of Vroom's Board in connection with an IPO.

"Key Man Event" means the occurrence of the following: the Chief Executive Officer and Chief Financial Officer of Vroom as of the Effective Date shall (a) within any three (3) month period, both cease to be employed as officers of Vroom on a full-time basis and actively involved in the management of its day-to-day business affairs, due to any cause other than retirement, death or disability, and (b) not have been replaced in such office by a person reasonably acceptable to the Ally Parties within ninety (90) days of such occurrence.

"IPO" means the issuance by Vroom of its common stock in an underwritten initial public offering pursuant to an effective registration statement filed with the U.S. Securities and Exchange Commission in accordance with the Securities Act of 1933.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of Vroom, Inc. of our report dated March 12, 2020, except with respect to the matters that raise substantial doubt about the Company's ability to continue as a going concern discussed in Note 2 under Liquidity and Management's Plan, as to which the date is May 12, 2020, relating to the financial statements of Vroom, Inc., which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
New York, New York
May 18, 2020