UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 12, 2020

VROOM, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization) 001-39315 (Commission File Number) 901112566 (I.R.S. Employer Identification No.)

1375 Broadway, Floor 11 New York, New York 10018 (Address of principal executive offices) (Zip Code)

(855) 524-1300 (Registrant's telephone number, include area code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

□ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

□ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

□ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

□ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

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

Emerging growth company \Box

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. \Box

Item 2.02. Results of Operations and Financial Condition.

On August 12, 2020, Vroom, Inc. (the "Company") issued a press release announcing its financial results for the quarter ended June 30, 2020. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in this Item 2.02, including Exhibit 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filings, unless expressly incorporated by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

Exhibit No.	Description
99.1	Press Release dated August 12, 2020.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 12, 2020

VROOM, INC.

By: <u>/s/ David K</u>. Jones

David K. Jones Chief Financial Officer



Vroom Reports Second Quarter 2020 Results

Vroom Delivers Ahead of Growth Plan

Ecommerce Unit Sales Up 74%

NEW YORK – August 12, 2020 – Vroom, Inc. (NASDAQ:VRM), a leading e-commerce platform for buying and selling used vehicles, today announced financial results for the second quarter ended June 30, 2020 ("Q2 2020").

HIGHLIGHTS OF SECOND QUARTER 2020

- 6,713 Ecommerce units sold, 1,110 TDA units sold, 3,259 Wholesale units sold
- Revenue of \$253.1 million
- Gross profit of \$7.6 million
- Adjusted EBITDA of \$(39.0) million(a)
- Loss from operations of \$(41.4) million
- Adjusted loss from operations of \$(40.1) million(a)
- Net loss of \$(63.2) million
- Non-GAAP net loss of \$(40.7) million(a)
- Net loss per share of \$(2.00)
- Non-GAAP net loss per share, as adjusted of \$(0.34)(a)

(a) See section entitled "Non-GAAP Measures" for adjustment details and reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with GAAP.

Paul Hennessy, Chief Executive Officer of Vroom, commented: "I am pleased with our results for the second quarter, in which we performed substantially ahead of our growth plan, and I am encouraged by both the continued validation of the Vroom model and the performance of our employees in a tough environment. During the course of this single quarter, we managed through significant swings in demand and numerous operational challenges brought on by the COVID-19 pandemic. In response to the drop in demand and uncertainty around vehicle pricing early in the pandemic, we chose to de-risk the business by significantly reducing our inventory during the first half of the quarter. As demand increased and pricing became more stable through the second half of the quarter, we pivoted to start rebuilding inventory and continue to do so. These lower inventory levels prevented us from fulfilling all of the demand that materialized in the second half of the quarter. We believe we continue to be well positioned to navigate the challenges presented by the COVID-19 crisis and take advantage of shifting consumer buying and selling patterns in favor of ecommerce."

SECOND QUARTER 2020 FINANCIAL DISCUSSION

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

Ecommerce Results

	Three Mon June		nded				Six Mont June		ded		
	2019		2020	Change	% Change	2019			2020	Change	% Change
	n thousands a and avera						n thousands a and avera				
Ecommerce units sold	3,856		6,713	2,857	74.1%		7,043		14,643	7,600	107.9%
Ecommerce revenue:											
Vehicle revenue	\$ 118,569	\$	170,460	\$ 51,891	43.8%	\$	207,199	\$	396,065	\$ 188,866	91.2%
Product revenue	 2,384		5,108	 2,724	114.3%		3,609		12,675	 9,066	251.2%
Total ecommerce revenue	\$ 120,953	\$	175,568	\$ 54,615	45.2%	\$	210,808	\$	408,740	\$ 197,932	93.9%
Ecommerce gross profit:		-									
Vehicle gross profit	\$ 4,911	\$	2,111	\$ (2,800)	(57.0)%	\$	9,440	\$	8,811	\$ (629)	(6.7)%
Product gross profit	2,384		5,108	2,724	114.3%		3,609		12,675	9,066	251.2%
Total ecommerce gross profit	\$ 7,295	\$	7,219	\$ (76)	(1.0)%	\$	13,049	\$	21,486	\$ 8,437	64.7%
Average vehicle selling price per ecommerce unit	\$ 30,749	\$	25,393	\$ (5,356)	(17.4)%	\$	29,419	\$	27,048	\$ (2,371)	(8.1)%
Gross profit per ecommerce unit:	,		,	())	~ /		, i		, i		, , , , , , , , , , , , , , , , , , ,
Vehicle gross profit per ecommerce unit	\$ 1,274	\$	314	\$ (960)	(75.4)%	\$	1,340	\$	602	\$ (738)	(55.1)%
Product gross profit per ecommerce unit	 618		761	 143	23.1%		512		866	 354	69.1%
Total gross profit per ecommerce unit	\$ 1,892	\$	1,075	\$ (817)	(43.2)%	\$	1,852	\$	1,468	\$ (384)	(20.7)%
Ecommerce average days to sale	 64		66	 2	3.1%		64		67	 3	4.7%

Ecommerce Units

Ecommerce units sold increased 74.1% to 6,713. Average monthly unique visitors to our website increased 59.1% to 999,899.

Ecommerce Revenue

Ecommerce revenue increased 45.2% to \$175.6 million.

- Ecommerce Vehicle revenue increased 43.8% to \$170.5 million. The increase in ecommerce Vehicle revenue was primarily
 attributable to the increase in ecommerce units sold, partially offset by a decrease in the average selling price per unit, which
 decreased from \$30,749 to \$25,393.
- Ecommerce Product revenue increased 114.3% to \$5.1 million. The increase in ecommerce Product revenue was primarily attributable to the increase in ecommerce units sold, and further increased by an improvement in ecommerce Product revenue per unit, which increased from \$618 to \$761 per unit.

Ecommerce Gross Profit

Ecommerce gross profit was flat year-over-year at \$7.2 million.

- Ecommerce Vehicle gross profit decreased 57.0% to \$2.1 million. The decrease in ecommerce Vehicle gross profit was primarily attributable to a \$960 decrease in ecommerce Vehicle gross profit per unit as a result of pricing actions taken in the beginning of the quarter in response to declines in demand related to COVID-19.
- Ecommerce Product gross profit increased 114.3% to \$5.1 million. The increase in ecommerce Product gross profit was primarily attributable to the increase in ecommerce units sold, and further increased by an improvement in ecommerce Product gross profit per unit, which increased from \$618 to \$761 per unit.

Ecommerce Gross Profit per Unit

Ecommerce gross profit per unit decreased 43.2% to \$1,075.

- Ecommerce Vehicle gross profit per unit decreased 75.4% to \$314.
- Ecommerce Product gross profit per unit increased 23.1% to \$761.

Results by Segment

		hree Months Ended June 30,						For the Six Ju	Month ne 30,				
	 2019		2020		Change	% Change		2019		2020		Change	% Change
	 (in thou	Isands	5)					(in the	ousan	ds)			
Units:													
Ecommerce	3,856		6,713		2,857	74.1%		7,043		14,643		7,600	107.9%
TDA	2,792		1,110		(1,682)	(60.2)%		6,162		4,145		(2,017)	(32.7)%
Wholesale	 5,396		3,259		(2,137)	(39.6)%		10,626		7,944		(2,682)	(25.2)%
Total units	 12,044		11,082		(962)	(8.0)%		23,831		26,732		2,901	12.2%
		_		_	<u> </u>		_				_		
Revenue:													
Ecommerce	\$ 120,953	\$	175,568	\$	54,615	45.2%	\$	210,808	\$	408,740	\$	197,932	93.9%
TDA	85,413		26,604		(58,809)	(68.9)%		178,497		113,628		(64,869)	(36.3)%
Wholesale	54,531		50,921		(3,610)	(6.6)%		106,651		106,497		(154)	(0.1)%
Total revenue	\$ 260,897	\$	253,093	\$	(7,804)	(3.0)%	\$	495,956	\$	628,865	\$	132,909	26.8%
Gross profit:													
Ecommerce	\$ 7,295	\$	7,219	\$	(76)	(1.0)%	\$	13,049	\$	21,486	\$	8,437	64.7%
TDA	6,101		931		(5,170)	(84.7)%		12,179		6,346		(5,833)	(47.9)%
Wholesale	449		(543)		(992)	(220.9)%		629		(1,838)		(2,467)	(392.2)%
Total gross profit	\$ 13,845	\$	7,607	\$	(6,238)	(45.1)%	\$	25,857	\$	25,994	\$	137	0.5%
Gross profit per unit:													
Ecommerce	\$ 1,892	\$	1,075	\$	(817)	(43.2)%	\$	1,852	\$	1,468	\$	(384)	(20.7)%
TDA	\$ 2,088	\$	778	\$	(1,310)	(62.7)%	\$	1,907	\$	1,477	\$	(430)	(22.5)%
Wholesale	\$ 83	\$	(167)	\$	(250)	(301.2)%	\$	59	\$	(231)	\$	(290)	(491.5)%
Total gross profit per unit	\$ 1,150	\$	686	\$	(464)	(40.3)%	\$	1,085	\$	972	\$	(113)	(10.4)%

Total Units

Total units sold decreased 8.0% to 11,082.

- Ecommerce units sold increased 74.1% to 6,713.
- TDA units sold decreased 60.2% to 1,110 due to government mandated "stay at home" orders and other disruptions related to the COVID-19 pandemic in the Houston area.
- Wholesale units sold decreased 39.6% to 3,259 primarily due to a reduction of wholesale grade units purchased from consumers during the early stage of the COVID-19 pandemic.

Total Revenue

Total revenue decreased 3.0% to \$253.1 million.

- Ecommerce revenue increased 45.2% to \$175.6 million as discussed above.
- TDA revenue decreased 68.9% to \$26.6 million. TDA revenue decreased primarily due to the decrease in TDA units sold and a lower average selling price per unit, which decreased from \$29,310 to \$23,114.

 Wholesale revenue decreased 6.6% to \$50.9 million. The decrease in wholesale revenue was primarily attributable to the decrease in wholesale units sold, partially offset by a higher average selling price per wholesale unit, which increased from \$10,106 to \$15,625, primarily driven by the sale of un-reconditioned retail vehicles through wholesale auctions in the early stage of the COVID-19 pandemic.

Total Gross Profit

Total gross profit decreased 45.1% to \$7.6 million.

- Ecommerce gross profit was flat year-over-year at \$7.2 million, as discussed above.
- TDA gross profit decreased 84.7% to \$0.9 million. TDA gross profit decreased in part due to a decrease in TDA gross profit per unit of \$1,310, primarily as a result of pricing actions taken in the beginning of the quarter in response to declines in demand related to COVID-19 and due to the decrease in TDA units sold.
- Wholesale gross profit decreased 220.9% to a loss of \$0.5 million. Wholesale gross profit decreased primarily due to a decrease in wholesale gross profit per unit of \$250 and the decrease in wholesale units sold.

Total Gross Profit per Unit

Total gross profit per unit decreased 40.3% to \$686.

- Ecommerce gross profit per unit decreased 43.2% to \$1,075.
- TDA gross profit per unit decreased 62.7% to \$778.
- Wholesale gross profit per unit decreased 301.2% to a loss of \$167.

SG&A

	Three Months Ended June 30,						_	Six Mont Jun	hs Er e 30,	nded			
		2019		2020	Change	% Change	2019			2020	Change	% Change	
		(in tho	usan	ds)				(in thou	isand	ls)			
Compensation & benefits	\$	17,476	\$	20,618	\$ 3,142	18.0%	\$	32,968	\$	40,940	\$ 7,972	24.2%	
Marketing expense		12,736		11,573	(1,163)	(9.1)%		19,836		29,488	9,652	48.7%	
Outbound logistics		2,650		5,470	2,820	106.4%		4,944		11,261	6,317	127.8%	
Occupancy and related costs		2,985		2,267	(718)	(24.1)%		5,271		4,964	(307)	(5.8)%	
Professional fees		3,227		1,465	(1,762)	(54.6)%		5,880		3,924	(1,956)	(33.3)%	
Other		4,618		6,518	1,900	41.1%		11,376		15,714	4,338	38.1%	
Total selling, general & administrative expenses	\$	43,692	\$	47,911	\$ 4,219	9.7%	\$	80,275	\$	106,291	\$26,016	32.4%	

Selling, general and administrative expenses increased 9.7% to \$47.9 million. The increase was primarily due to a \$3.1 million increase in compensation and benefits and a \$2.8 million increase in outbound logistics costs. These increases were offset by a \$1.8 million decrease in professional fees and a \$1.2 million decrease in marketing expense.

Loss from Operations and Net Loss

Loss from operations increased 32.0% to \$41.4 million and includes \$4.1 million of stock-based compensation expense, of which \$1.3 million is one-time expense accelerated by our IPO.

Net loss increased 89.6% to \$63.2 million, and includes \$1.3 million of a one-time, IPO-related acceleration of non-cash stock-based compensation expense and a \$21.3 million one-time, IPO-related non-cash revaluation of a preferred stock warrant.

Non-GAAP Measures

In addition to our results determined in accordance with accounting principles generally accepted in the United States, or GAAP, we believe the following non-GAAP financial measures are useful in evaluating our operating performance: EBITDA, Adjusted EBITDA, Adjusted loss from operations, Non-GAAP net loss, Non-GAAP net loss per share and Non-GAAP net loss per share, as adjusted. These non-GAAP financial measures have limitations as analytical tools in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. Because of these limitations, these non-GAAP financial measures should be considered along with other operating and financial performance measures presented in accordance with GAAP. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

We calculate EBITDA as net loss before interest expense, interest income, income tax expense and depreciation and amortization expense and we calculate Adjusted EBITDA as EBITDA adjusted to exclude the one-time, IPO related acceleration of non-cash stock-based compensation expense and the one-time, IPO related non-cash revaluation of a preferred stock warrant. We calculate Adjusted loss from operations as operating loss adjusted to exclude the one-time, IPO related acceleration of non-cash stock-based compensation expense and we calculate Non-GAAP net loss as net loss adjusted to exclude the one-time, IPO related acceleration of non-cash stock-based compensation expense and the one-time, IPO related non-cash revaluation of a preferred stock warrant. The following table presents a reconciliation of the Non-GAAP measures to the most directly comparable financial measures prepared in accordance with GAAP, for each of the periods presented.

EBITDA and Adjusted EBITDA

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

	Three Mon June		nded	Six Month June		ded
	 2019		2020	 2019		2020
	 (in thou	sands)		 (in thou	sands	5)
Net loss	\$ (33,340)	\$	(63,228)	\$ (60,479)	\$	(104,287)
Adjusted to exclude the following:						
Interest expense	3,388		1,297	6,106		4,123
Interest income	(1,415)		(715)	(3,264)		(2,671)
Provision (benefit) for income taxes	(29)		52	74		105
Depreciation and amortization expense	1,557		1,089	3,146		2,059
EBITDA	\$ (29,839)	\$	(61,505)	\$ (54,417)	\$	(100,671)
One-time IPO related acceleration of non-cash stock-based compensation	 		1,262			1,262
One-time IPO related non-cash revaluation of preferred stock warrant			21,260			20,470
Adjusted EBITDA	\$ (29,839)	\$	(38,983)	\$ (54,417)	\$	(78,939)

Adjusted loss from operations

	_	Three Mon June		nded	Six Months Ended June 30,				
		2019		2020		2019	2020		
		(in thou	sands)	1		(in thou	sands	5)	
Loss from operations	\$	(31,348)	\$	(41,387)	\$	(57,452)	\$	(82,346)	
Add: One-time IPO related acceleration of non-cash stock based compensation		_		1,262				1,262	
Adjusted loss from operations	\$	(31,348)	\$	(40,125)	\$	(57,452)	\$	(81,084)	

Non-GAAP net loss, Non-GAAP net loss per share and Non-GAAP net loss per share, as adjusted

	Three Months Ended June 30,					Six Month June		
		2019		2020		2019		2020
		(in thousa	nds	, except shar	e ar	nd per share	am	ounts)
Net loss	\$	(33,340)	\$	(63,228)	\$	(60,479)	\$	(104,287)
Accretion of redeemable convertible preferred stock		(25,879)				(43,843)		
Net loss attributable to common stockholders	\$	(59,219)	\$	(63,228)	\$	(104,322)	\$	(104,287)
Add: One-time IPO related acceleration of non-cash stock based compensation		_		1,262				1,262
Add: One-time IPO related non-cash revaluation of preferred stock warrant		_		21,260				20,470
Non-GAAP net loss	\$	(59,219)	\$	(40,706)	\$	(104,322)	\$	(82,555)
Weighted-average number of shares outstanding used to compute net loss per share, basic and diluted		8,580,150	_	31,599,497		8,579,539		20,035,476
Net loss per share, basic and diluted	\$	(6.90)	\$	(2.00)	\$	(12.16)	\$	(5.21)
Impact of one-time IPO related acceleration of non-cash stock based compensation		-		0.04		-		0.07
Impact of one-time IPO related non-cash revaluation of preferred stock warrant		-		0.67		-		1.02
Non-GAAP net loss per share, basic and diluted	\$	(6.90)	\$	(1.29)	\$	(12.16)	\$	(4.12)
Non-GAAP net loss per share, as adjusted, basic and diluted ^(a)	\$	(0.28)	\$	(0.34)	\$	(0.51)	\$	(0.70)

(a) Non-GAAP net loss per share, as adjusted, has been computed to give effect to, as of the beginning of each period presented (i) the shares of common stock issued in connection with our IPO and (ii) the automatic conversion of all outstanding shares of redeemable convertible preferred stock into shares of common stock that occurred upon the consummation of our IPO. The computation of Non-GAAP net loss per share, as adjusted, is as follows:

		Three Mon June				Six Month June		
		2019	2019		2020			
		(in thousa	nds	s, except shar	e ar	nd per share a	amo	ounts)
Non-GAAP net loss	\$	(59,219)	\$	(40,706)	\$	(104,322)	\$	(82,555)
Add: Accretion of redeemable convertible preferred stock		25,879		—		43,843		_
Non-GAAP net loss, as adjusted	\$	(33,340)	\$	(40,706)	\$	(60,479)	\$	(82,555)
Weighted-average number of shares outstanding used to compute net loss per share, basic and diluted		8,580,150		31,599,497		8,579,539		20,035,476
Add: unweighted adjustment for common stock issued in connection with IPO		24,437,500		24,437,500		24,437,500		24,437,500
Add: unweighted adjustment for conversion of redeemable convertible preferred stock in connection with IPO		85,533,394		85,533,394		85,533,394		85,533,394
Less: Adjustment for the impact of the above items already included in weighted-average number of shares outstanding for the periods presented				(22,960,956)				(11,480,478)
Weighted-average number of shares outstanding used to compute net loss per share, as adjusted, basic and diluted	1	.18,551,044	1	18,609,435	1	18,550,433	1	18,525,892
Non-GAAP net loss per share, as adjusted, basic and diluted	\$	(0.28)	\$	(0.34)	\$	(0.51)	\$	(0.70)

Financial Outlook

We expect another quarter of significant year-over-year growth in ecommerce unit sales and revenue for Q3 2020 and improvement in total ecommerce gross profit per unit. For Q3 2020, we expect the following results and comparisons on a year-over-year basis:

• Ecommerce unit sales of 8,500-8,800, average total revenue per unit of \$23,500 and average gross profit per unit of \$1,600-\$1,700.

- TDA unit sales of 1,400-1,600, average total revenue per unit of \$23,500 and average gross profit per unit of \$1,000-\$1,100.
- Wholesale unit sales of 3,500-4,500, average revenue per unit of \$10,000 and average gross profit per unit of \$100-\$200.
- Total revenue of \$268 million -\$290 million.
- Total gross profit of \$16 million-\$18 million.
- Net loss per share of \$(0.42)-\$(0.37).

Prior to our IPO, our shares outstanding primarily consisted of shares of redeemable convertible preferred stock, which automatically converted to shares of common stock upon the consummation of our IPO. In addition, all warrants outstanding were exercised upon the IPO or shortly thereafter, and certain stock-based compensation shares were issued or vested upon the IPO. We expect the following number of GAAP weighted average shares outstanding for the remainder of 2020:

	Quarter	YTD
Q3 2020	119,342,000	53,138,000
Q4 2020	119,441,000	69,713,000

These estimates exclude any shares potentially issuable under stock-based compensation plans.

The foregoing estimates are forward-looking statements that reflect the Company's expectations as of August 12, 2020 and are subject to substantial uncertainty. See "Forward-Looking Statements" below.

Conference Call & Webcast Information

Vroom management will discuss these results and other information regarding the Company during a conference call and audio webcast Wednesday, August 12, 2020 at 5:00 p.m. ET.

The conference call can be accessed via telephone by dialing 1-833-519-1297 (or 914-800-3868 for international access) and entering the conference ID 8738028. A live audio webcast will also be available at <u>ir.vroom.com</u>. An archived webcast of the conference call will be accessible on the website within 48 hours of its completion.

About Vroom (NASDAQ: VRM)

Vroom is an innovative, end-to-end ecommerce platform that offers a better way to buy and a better way to sell used vehicles. The Company's scalable, data-driven technology brings all phases of the vehicle buying and selling process to consumers wherever they are and offers an extensive selection of vehicles, transparent pricing, competitive financing, and contact-free, at-home pick-up and delivery. For more information visit <u>www.vroom.com</u>.

Investor Relations:

Vroom Allen Miller <u>investors@vroom.com</u>

Media Contact:

Moxie Communications Group Alyssa Galella <u>vroom@moxiegrouppr.com</u> (562) 294-6261



Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding our expectations for future results of operations. These statements are based on management's current assumptions and are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. For factors that could cause actual results to differ materially from the forward-looking statements in this press release, please see the risks and uncertainties identified under the heading "Risk Factors" in our Quarterly report on Form 10-Q for the quarter ended June 30, 2020 which is available on our Investor Relations website at <u>ir.vroom.com</u> and on the SEC website at <u>www.sec.gov</u>. All forward-looking statements reflect our beliefs and assumptions only as of the date of this press release. We undertake no obligation to update forward-looking statements to reflect future events or circumstances.

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

	Dec	As of ember 31,		As of June 30,
		2019		2020
ASSETS				
Current Assets:	•	017 701	•	054 005
Cash and cash equivalents	\$	217,734	\$	651,035
Restricted cash		1,853		21,853
Accounts receivable, net of allowance of \$789 and \$1,135, respectively		30,848		15,287
Inventory		205,746		141,063
Prepaid expenses and other current assets		9,149		17,808
Total current assets		465,330		847,046
Property and equipment, net		7,828		9,783
Intangible assets, net		572		297
Goodwill		78,172		78,172
Operating lease right-of-use assets				15,437
Other assets		11,485		12,472
Total assets	\$	563,387	\$	963,207
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' (DEFICIT) EQUITY				
Current Liabilities:				
Accounts payable	\$	18,987	\$	20,133
Accrued expenses		38,491		40,898
Vehicle floorplan		173,461		109,783
Deferred revenue		17,323		15,488
Operating lease liabilities, current				4,640
Other current liabilities		11,572		13,115
Total current liabilities		259,834		204,057
Operating lease liabilities, excluding current portion		_		11,750
Other long-term liabilities		3,073		1,965
Total liabilities		262,907		217,772
Commitments and contingencies (Note 8)				
Redeemable convertible preferred stock, \$0.001 par value; 86,123,364 and 10,000,000 shares authorized as of December 31, 2019 and June 30, 2020, respectively; 83,568,628 and zero shares issued and outstanding as of December 31, 2019 and June 30, 2020, respectively		874.332		_
Stockholders' (deficit) equity:		01 1,002		
Common stock, \$0.001 par value; 113,443,854 and 500,000,000 shares authorized as of December 31, 2019 and June 30, 2020, respectively; 8,650,922 and 119,336,588 shares issued and outstanding as of December 31, 2019 and June 30, 2020, respectively		8		119
Additional paid-in-capital		0		1.424.675
Accumulated deficit		(573,860)		(679,359)
Total stockholders' (deficit) equity		(573,852)		745.435
Total liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity	\$	563,387	¢	963,207
iotal namines, receentable convertible preferred stock and stockholders (delicit) equity	Ð	203,387	\$	903,207

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

	_	Three Mon June		Ended	Six Montl June		Ided
		2019		2020	2019		2020
Revenue:							
Retail vehicle, net	\$	200,402	\$	196,150	\$ 379,152	\$	504,862
Wholesale vehicle		54,531		50,921	106,651		106,497
Product, net		5,491		5,736	9,236		16,780
Other		473	_	286	917		726
Total revenue		260,897		253,093	495,956		628,865
Cost of sales		247,052		245,486	 470,099		602,871
Total gross profit		13,845		7,607	25,857		25,994
Selling, general and administrative expenses		43,692		47,911	80,275		106,291
Depreciation and amortization		1,501		1,083	3,034		2,049
Loss from operations		(31,348)		(41,387)	(57,452)		(82,346)
Interest expense		3,388		1,297	6,106		4,123
Interest income		(1,415)		(715)	(3,264)		(2,671)
Revaluation of preferred stock warrant		60		21,260	142		20,470
Other income, net		(12)	_	(53)	 (31)		(86)
Loss before provision (benefit) for income taxes		(33,369)		(63,176)	(60,405)		(104,182)
Provision (benefit) for income taxes		(29)		52	74		105
Net loss	\$	(33,340)	\$	(63,228)	\$ (60,479)	\$	(104,287)
Accretion of redeemable convertible preferred stock		(25,879)			(43,843)		
Net loss attributable to common stockholders	\$	(59,219)	\$	(63,228)	\$ (104,322)	\$	(104,287)
Net loss per share attributable to common stockholders, basic and diluted	\$	(6.90)	\$	(2.00)	\$ (12.16)	\$	(5.21)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted		8,580,150		31,599,497	 8,579,539	_	20,035,476

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

Operating activities 2020 2020 Nat loss \$ (0.4.79) \$ (104.287) Adjustments to reconcile net loss to net cash (used in) provided by operating activities: 3.146 2.059 Depreciation and amortization 3.156 4.700 375 Stock based compensation exponse 1.536 4.700 - Loss on disposi of property and degument 764 - - Provision for inventory obsolescence 1.899 (1.564) - 632 Charges in operating assets and liabilities: - 632 - 632 - 632 - 632 - 632 - 633 - 633 - 633 - 633 - 633 - - 633 - - 633 - - 633 - - 630 - - - - - - - - - - - - - - - - - - -		Six Months Ended June 30,			
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