

August 11, 2021



ACV Announces Second Quarter 2021 Results

Increases Full Year 2021 Guidance

- *Second quarter total revenue of \$97.4 million, up 117% YoY*
- *GAAP net loss of \$9.7 million, compared to GAAP net loss of \$4.4 million in second quarter 2020*
- *Adjusted EBITDA loss of \$3.7 million, compared to Adjusted EBITDA loss of \$1.5 million in second quarter 2020*
- *Raises 2021 revenue guidance to a range of \$332 to \$338 million; YoY growth of 59% to 62%*

BUFFALO, N.Y., Aug. 11, 2021 (GLOBE NEWSWIRE) -- ACV (Nasdaq: ACVA), the leading online automotive marketplace for dealers, today reported results for its second quarter ended June 30, 2021.

“We were very pleased with our strong results in the second quarter, which were driven by continued market share gains, growing adoption of ACV’s value-added services, and favorable conditions in the automotive market,” said George Chamoun, CEO of ACV.

“Our investments in geographic expansion, and new platform features and offerings, are creating long-term growth drivers for our business to address the large market opportunity ahead of us. And, with the recent acquisition of MAX Digital we have broadened our suite of data services and digital solutions that we believe further strengthens our leading market position,” concluded Chamoun.

Second Quarter 2021 Highlights

- Revenue of \$97.4 million, an increase of 117% year over year.
- Marketplace and Service revenue of \$83.9 million, an increase of 119% year over year.
- Auction Marketplace revenue of \$46.6 million, an increase of 98% year over year.
- Marketplace GMV of \$2.1 billion, an increase of approximately 234% year over year.
- Marketplace Units of 153,274, an increase of 74% year over year.
- Adjusted EBITDA loss of \$3.7 million, compared to Adjusted EBITDA loss of \$1.5 million in second quarter 2020.

Third Quarter and Full Year 2021 Guidance

Based on information as of today, ACV is providing the following guidance:

- Third quarter of 2021:
 - Total revenue of \$82 to \$85 million, an increase of 22% to 26% year over year
 - Adjusted EBITDA loss of \$20 to \$22 million
- Full year 2021:
 - Total revenue of \$332 to \$338 million, an increase of 59% to 62% year over year
 - Adjusted EBITDA loss of \$62 to \$65 million

Our financial guidance includes the following assumptions:

- Market conditions that contributed to strong demand and higher unit prices in recent quarters are expected to continue to normalize in the second half of the year.
- Total operating expenses, excluding cost of revenue, are expected to grow approximately 66% year over year.

Reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the high variability, complexity and low visibility with respect to the charges excluded from this non-GAAP measure; in particular, the effects of stock-based compensation expense specific to equity compensation awards that are directly impacted by unpredictable fluctuations in our stock price. We expect the variability of the above charges to have a significant, and potentially unpredictable, impact on our future GAAP financial results.

ACV's Second Quarter 2021 Results Conference Call

ACV will host a conference call and live webcast today, August 11, 2021, at 5:00 p.m. ET to discuss financial results. To participate in the live call, analysts and investors should dial (833) 607-1658 or (914) 987-7871, and use conference ID 8139887. The live webcast of the conference call along with supplemental financial information will also be accessible on ACV's website at <https://investors.acvauto.com>. Following the webcast, an archived version will also be available on the investor relations page of ACV's website. A telephonic replay of the conference call will be available until Wednesday, August 18, 2021, by dialing (855) 859-2056 or (404) 537-3406 and entering passcode 8139887.

The ACV management team will also be presenting at Canaccord Genuity's 41st Annual Growth Conference on Thursday, August 12th at 1:30 p.m. ET. The presentation will be available on ACV's investor relations website at <https://investors.acvauto.com>. An archived replay of the webcast will be available following the live presentation.

About ACV Auctions

ACV provides a vibrant digital marketplace for wholesale vehicle transactions and data services that offers transparent and accurate vehicle information to customers. On a mission to build and enable the most trusted and efficient digital marketplaces for buying and selling used vehicles, ACV's platform leverages data insights and technology to power its digital marketplace and data services, enabling dealers and commercial partners to buy, sell and value vehicles with confidence and efficiency. ACV's network of brands includes ACV

Auctions, ACV Transportation and ACV Capital within its Marketplace Products, as well as True360, ACV Data Services and MAX Digital.

Information About Non-GAAP Financial Measure and Key Operating and Financial Metrics

We supplement our financial results with a non-GAAP financial measure, Adjusted EBITDA, and key operating and financial metrics, Marketplace Units and Marketplace GMV.

Non-GAAP Financial Measure

Adjusted EBITDA is a financial measure that is not presented in accordance with GAAP. We believe that Adjusted EBITDA, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Adjusted EBITDA is helpful to our investors as it is a measure used by management in assessing the health of our business, determining incentive compensation and evaluating our operating performance, as well as for internal planning and forecasting purposes.

We calculate Adjusted EBITDA as net (loss) income, adjusted to exclude: (1) depreciation and amortization; (2) stock-based compensation expense; (3) interest (income) expense; (4) provision for income taxes; and (5) other (income) expense, net.

Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of Adjusted EBITDA include that (1) it does not properly reflect capital commitments to be paid in the future, (2) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA does not reflect these capital expenditures, (3) it does not consider the impact of stock-based compensation expense, (4) it does not reflect other non-operating expenses, including interest expense, and (5) it does not reflect tax payments that may represent a reduction in cash available to us. In addition, our use of Adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate Adjusted EBITDA in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA alongside other financial measures, including our net loss and other results stated in accordance with GAAP.

Operating Metrics

We regularly monitor the following operating and financial metrics in order to measure our current performance and estimate our future performance. Our key operating and financial metrics may be calculated in a manner different than similar business metrics used by other companies. Management intends to report Marketplace Participants, which is defined as dealers or commercial partners with a unique customer ID that have transacted at least once in the last 12 months as either a buyer or seller on our digital marketplace, on an annual basis.

Marketplace GMV - Marketplace GMV is primarily driven by the volume and dollar value of Marketplace Units transacted on our digital marketplace. We believe that Marketplace GMV acts as an indicator of the success of our marketplace, signaling satisfaction of dealers and buyers on our marketplace, and the health, scale, and growth of our business. We define Marketplace GMV as the total dollar value of vehicles transacted through our digital marketplace within the applicable period, excluding any auction and ancillary fees. Because our definition of Marketplace Units does not include vehicles inspected but not sold on our digital marketplace, GMV does not represent revenue earned by us.

Marketplace Units - Marketplace Units is a key indicator of our potential for growth in Marketplace GMV and revenue. It demonstrates the overall engagement of our customers on the ACV platform, the vibrancy of our digital marketplace and our market share of wholesale transactions in the United States. We define Marketplace Units as the number of vehicles transacted on our digital marketplace within the applicable period. Marketplace Units transacted includes any vehicle that successfully reaches sold status, even if the auction is subsequently unwound, meaning the buyer or seller does not complete the transaction. These instances have been immaterial to date. Marketplace Units exclude vehicles that were inspected by ACV, but not sold on our digital marketplace. Marketplace Units have increased over time as we have expanded our territory coverage, added new Marketplace Participants and increased our share of wholesale transactions from existing customers.

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements concerning avenues for long-term growth and total addressable market expansion and our financial guidance for the third quarter of 2021 and the full year of 2021. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. You should not rely on forward-looking statements as predictions of future events.

The forward-looking statements contained in this presentation are based on ACV’s current assumptions, expectations and beliefs and are subject to substantial risks, uncertainties and changes in circumstances that may cause ACV’s actual results, performance or achievements to differ materially from those expressed or implied in any forward-looking statement. These risks and uncertainties include, but are not limited to: (1) our history of operating losses; (2) our limited operating history; (3) our ability to effectively manage our growth; (4) our ability to grow the number of participants on our platform; (5) our ability to acquire new customers and successfully retain existing customers; (6) our ability to effectively develop and expand our sales and marketing capabilities; (7) breaches in our security measures, unauthorized access to our platform, our data, or our customers’ or other users’ personal data; (8) risk of interruptions or performance problems associated with our products and platform capabilities; (9) our ability to adapt and respond to rapidly changing technology or customer needs; (10) our ability to compete effectively with existing competitors and new market entrants; (11) our ability to comply or remain in compliance with

laws and regulations that currently apply or become applicable to our business in the United States and other jurisdictions where we elect to do business; (12) general market, political, economic, and business conditions; and (13) the impact that the ongoing COVID-19 pandemic and any related economic downturn could have on our or our customers' businesses, financial condition and results of operations. These risks and uncertainties are more fully described in our filings with the Securities and Exchange Commission ("SEC"), including in the section entitled "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, filed with the SEC pursuant on May 13, 2021. Additional information will be made available in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 and other filings and reports that we may file from time to time with the SEC. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, except as required by law.

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ACV AUCTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Revenue:				
Marketplace and service revenue	\$ 83,934	\$ 38,310	\$ 142,326	\$ 72,906
Customer assurance revenue	13,440	6,587	24,134	14,228
Total revenue	<u>97,374</u>	<u>44,897</u>	<u>166,460</u>	<u>87,134</u>
Operating expenses:				
Marketplace and service cost of revenue (excluding depreciation & amortization)	42,788	15,323	72,297	36,930
Customer assurance cost of revenue (excluding depreciation & amortization)	11,129	4,654	20,515	11,934
Operations and technology	23,513	13,875	45,104	30,821
Selling, general, and administrative	27,513	13,891	51,478	36,962
Depreciation and amortization	1,761	1,463	3,529	2,672
Total operating expenses	<u>106,704</u>	<u>49,206</u>	<u>192,923</u>	<u>119,319</u>
Loss from operations	<u>(9,330)</u>	<u>(4,309)</u>	<u>(26,463)</u>	<u>(32,185)</u>
Other income (expense):				
Interest income	45	141	71	650
Interest expense	(251)	(180)	(461)	(291)
Total other income (expense)	<u>(206)</u>	<u>(39)</u>	<u>(390)</u>	<u>359</u>
Loss before income taxes	(9,536)	(4,348)	(26,853)	(31,826)
Provision for income taxes	<u>156</u>	<u>48</u>	<u>214</u>	<u>95</u>
Net loss	<u>\$ (9,692)</u>	<u>\$ (4,396)</u>	<u>\$ (27,067)</u>	<u>\$ (31,921)</u>
Weighted-average shares - basic and diluted	<u>154,572,225</u>	<u>21,369,825</u>	<u>94,762,407</u>	<u>21,283,589</u>
Net loss per share - basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.21)</u>	<u>\$ (0.29)</u>	<u>\$ (1.50)</u>

ACV AUCTIONS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2021	December 31, 2020
Assets		
Current Assets :		
Cash and cash equivalents	\$ 664,324	\$ 233,725
Trade receivables (net of allowance of \$3,158 and \$2,093)	234,174	104,138
Finance receivables (net of allowance of \$96 and \$40)	26,508	8,501
Other current assets	12,249	8,041
Total current assets	937,255	354,405
Property and equipment (net of accumulated depreciation of \$3,481 and \$2,439)	5,328	4,912
Goodwill	21,820	21,820
Acquired intangible assets (net of amortization of \$4,651 and \$3,059)	9,899	11,491
Internal-use software costs (net of amortization of \$2,734 and \$1,963)	11,796	7,775
Operating lease right-of-use assets	1,643	2,000
Other assets	1,212	2,147
Total assets	988,953	404,550
Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current Liabilities :		
Accounts payable	367,583	151,967
Accrued payroll	12,317	8,109
Accrued other liabilities	5,944	4,375
Deferred revenue	3,686	1,504
Operating lease liabilities	786	746
Total current liabilities	390,316	166,701
Long-term operating lease liabilities	918	1,323
Long-term debt	500	4,832
Other long-term liabilities	5,217	5,054
Total liabilities	\$ 396,951	\$ 177,910
Convertible Preferred Stock :		
Convertible preferred stock; \$0.001 par value; 0 and 230,538,501 shares authorized; 0 and 115,269,221 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	-	366,332
Stockholders' Equity (Deficit) :		
Preferred Stock; \$0.001 par value; 20,000,000 and 0 shares authorized; 0 and 0 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	-	-
Common stock; \$0.001 par value; 0 and 311,100,000 shares authorized; 0 and 22,331,842 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	-	22
Common stock - Class A; \$0.001 par value; 2,000,000,000 and 0 shares authorized; 40,225,160 and 0 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	40	-
Common Stock - Class B; \$0.001 par value; 160,000,000 and 0 shares authorized; 114,445,042 and 0 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	114	-
Additional paid-in capital	785,875	27,322
Accumulated deficit	(194,046)	(166,979)
Accumulated other comprehensive loss	19	(57)
Total stockholders' equity (deficit)	592,002	(139,692)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	\$ 988,953	\$ 404,550

ACV AUCTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six months ended June 30,	
	2021	2020
Cash Flows from Operating Activities		
Net income (loss)	\$ (27,067)	\$ (31,921)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,728	3,178
Stock-based compensation expense	6,630	3,130
Provision for bad debt	1,589	3,670
Non-cash operating lease costs	(6)	6
Other non-cash, net	475	90
Changes in operating assets and liabilities, net of effects from purchases of businesses:		
Trade receivables	(131,479)	(50,676)
Other current assets	(4,209)	(1,188)
Accounts payable	215,286	60,682
Accrued payroll	4,208	3,933
Accrued other liabilities	1,532	1,036
Deferred revenue	2,182	635
Other long-term liabilities	163	1,302
Other assets	(218)	(1)
Net cash provided by (used in) operating activities	72,814	(6,124)
Cash Flows from Investing Activities		
Net increase in finance receivables	(18,153)	(966)
Purchases of property and equipment	(1,664)	(1,931)
Capitalization of software costs	(4,597)	(2,508)
Acquisition of businesses (net of cash acquired)	-	(5,500)
Net cash provided by (used in) investing activities	(24,414)	(10,905)
Cash Flows from Financing Activities		
Proceeds from issuance of common stock in connection with initial public offering, net of underwriting discounts and commissions and other offering costs	385,852	-
Proceeds from long term debt	5,250	3,387
Payments towards long term debt	(9,582)	(1,971)
Proceeds from exercise of common stock options	679	185
Net cash provided by (used in) financing activities	382,199	1,601
Net increase (decrease) in cash and cash equivalents	430,599	(15,428)
Cash and cash equivalents, beginning of period	233,725	182,275
Cash and cash equivalents, end of period	\$ 664,324	\$ 166,847
Supplemental disclosure of cash flow information		
Cash paid (received) during the period for:		
Interest (income) expense	185	(70)
Income taxes	112	(23)
Cash paid included in the measurement of operating lease liabilities	-	338
Non-cash investing and financing activities:		
Right-of-use assets obtained, including initial adoption	-	718
Stock issuance costs in accounts payable	140	-
Contingent consideration	-	5,700
Purchase of property and equipment and internal use software in accounts payable	858	121

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Adjusted EBITDA Reconciliation				
Net loss	\$ (9,692)	\$ (4,396)	\$ (27,067)	\$ (31,921)
Depreciation and amortization	1,837	1,733	3,728	3,179
Stock-based compensation	3,763	1,033	6,630	3,130
Interest (income) expense	206	39	390	(359)
Provision for income taxes	156	48	214	95
Other (income) expense, net	43	21	58	(10)
Adjusted EBITDA	\$ (3,687)	\$ (1,522)	\$ (16,047)	\$ (25,886)



Source: ACV