

May 8, 2024



# ACV Announces First Quarter 2024 Results

## ***Delivered 22% Revenue Growth Revenue and Adjusted EBITDA at the High-End of Guidance***

- *First quarter revenue of \$146 million*
- *First quarter GAAP net income (loss) of (\$20) million*
- *First quarter non-GAAP net income of \$1 million*
- *First quarter Adjusted EBITDA of \$4 million*
- *Expects 2024 revenue of \$610 million to \$625 million, growth of 27% to 30% YoY, net income (loss) of (\$85) million to (\$80) million and Adjusted EBITDA of \$20 million to \$25 million*

BUFFALO, N.Y., May 08, 2024 (GLOBE NEWSWIRE) -- ACV (Nasdaq: ACVA), a leading digital automotive marketplace and data services partner for dealers and commercial clients, today reported results for its first quarter ended March 31, 2024.

“We are very pleased with our strong first quarter results with revenue at the high-end of our guidance range, strong year-over-year margin expansion, and Adjusted EBITDA at the high-end of guidance range, resulting in our first profitable quarter as a public company, on a non-GAAP basis,” said George Chamoun, CEO of ACV.

“Our strong market position and competitive moat resulted in continued market share gains and accelerated revenue growth in the quarter. We experienced further adoption across our broad suite of dealer solutions and launched initiatives to support our long-term commercial wholesale strategy. And, we achieved this while continuing to increase margins,” continued Chamoun.

“Dealer wholesale volumes remain below historical levels due to lower-than-normal new and used vehicle inventory, which is causing dealers to keep more trades for retail. We expect market headwinds will ease resulting in modest growth in dealer wholesale volumes in the back-half of 2024. We believe ACV remains well positioned to deliver sustainable growth as end-markets further recover, and we execute on our emerging commercial wholesale strategy, while also continuing to scale our business model,” concluded Chamoun.

### **First Quarter 2024 Highlights**

- Revenue of \$146 million, an increase of 22% year over year

- Marketplace and Service Revenue of \$130 million, an increase of 24% year over year
- Marketplace GMV of \$2.3 billion, a decrease of 4% year over year
- Marketplace Units of 174,631, an increase of 15% year over year
- GAAP net income (loss) of (\$20) million, compared to GAAP net income (loss) of (\$18) million in the first quarter of 2023
- Non-GAAP net income of \$1 million, compared to non-GAAP net income (loss) of (\$5) million in the first quarter of 2023
- Adjusted EBITDA of \$4 million, compared to Adjusted EBITDA of (\$6) million in the first quarter of 2023

## **Second Quarter and Full-Year 2024 Guidance**

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

- Second Quarter of 2024:
  - Total revenue of \$154 to \$158 million, an increase of 24% to 27% year over year
  - GAAP net income (loss) of (\$19) to (\$17) million
  - Non-GAAP net income of \$2 to \$4 million
  - Adjusted EBITDA of \$6 to \$8 million
- Full-Year 2024:
  - Total revenue of \$610 to \$625 million, an increase of 27% to 30% year over year
  - GAAP net income (loss) of (\$85) to (\$80) million
  - Non-GAAP net income of \$3 to \$8 million
  - Adjusted EBITDA of \$20 to \$25 million

Our financial guidance includes the following assumptions:

- Dealer wholesale volumes are expected to improve modestly in the back-half of 2024, primarily due to increasing new vehicle supply and retail sales.
- Conversion rates and wholesale price depreciation expected to follow normal seasonal patterns.
- Revenue growth is expected to outpace Non-GAAP Operating Expense growth (excluding Cost of Revenue and Depreciation and Amortization) by approximately 10 percentage points.
- Second quarter non-GAAP net income guidance excludes approximately \$18 million of stock-based compensation expense and approximately \$3 million of intangible amortization.
- Full-year non-GAAP net income guidance excludes approximately \$70 million of stock-based compensation expense and \$10 million of intangible amortization.

## **ACV's First Quarter Results Conference Call**

ACV will host a conference call and live webcast today, May 8, 2024, at 5:00 p.m. ET to

discuss the financial results. To access the live conference call participants are invited to dial 877-704-4453 (international callers please dial 1-201-389-0920) approximately 10 minutes prior to the start of the call. A live webcast and replay of the call will be available on the Company's investor relations website at <https://investors.acvauto.com/>. Participants are encouraged to join the webcast unless asking a question.

## **About ACV Auctions**

ACV is on a mission to transform the automotive industry by building the most trusted and efficient digital marketplace and data solutions for sourcing, selling and managing used vehicles with transparency and comprehensive insights that were once unimaginable. ACV offerings include ACV Auctions, ACV Transportation, ACV Capital, ACV MAX, True360, and ClearCar.

For more information about ACV, visit [www.acvauto.com](http://www.acvauto.com).

## **Information About Non-GAAP Financial Measures**

ACV provides supplemental non-GAAP financial measures to its financial results. We use these non-GAAP financial measures, and we believe that they assist our investors to make period-to-period comparisons of our operating performance because they provide a view of our operating results without items that are not, in our view, indicative of our operating results. These non-GAAP financial measures should not be construed as an alternative to GAAP results as the items excluded from the non-GAAP financial measures often have a material impact on our operating results, certain of those items are recurring, and others often recur. Management uses, and investors should consider, our non-GAAP financial measures only in conjunction with our GAAP results.

## ***Non-GAAP Financial Measures***

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 define Adjusted EBITDA as net loss, adjusted to exclude: depreciation and amortization; stock-based compensation expense; interest (income) expense; provision for income taxes; and other one-time non-recurring items, when applicable, such as acquisition-related and restructuring expenses.

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 these limitations 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 income and expenses, including interest income and expense, (5) it does not consider the impact of any contingent consideration liability valuation adjustments, (6) it does not reflect tax payments that may represent a reduction in cash available to us, and (7) it does not reflect other one-time, non-recurring items, when applicable, such as acquisition-related and restructuring expenses. 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.

Non-GAAP net income (loss), a financial measure that is not presented in accordance with GAAP, provides investors with additional useful information to measure operating performance and current and future liquidity when taken together with our financial results presented in accordance with GAAP. By providing this information, we believe management and the users of the financial statements are better able to understand the financial results of what we consider to be our organic, continuing operations.

We define non-GAAP net income (loss) as net income (loss), adjusted to exclude: stock-based compensation expense, amortization of acquired intangible assets, and other one-time, non-recurring items, when applicable, such as acquisition-related and restructuring expenses.

In the calculation of non-GAAP net income (loss), we exclude stock-based compensation expense because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact our non-cash expense. We believe that providing non-GAAP financial measures that exclude stock-based compensation expense allows for more meaningful comparisons between our operating results from period to period.

We exclude amortization of acquired intangible assets from the calculation of non-GAAP net income (loss). We believe that excluding the impact of amortization of acquired intangible assets allows for more meaningful comparisons between operating results from period to period as the underlying intangible assets are valued at the time of acquisition and are amortized over several years after the acquisition.

We exclude contingent consideration liability valuation adjustments associated with the purchase consideration of transactions accounted for as business combinations. We also exclude certain other one-time, non-recurring items, when applicable, such as acquisition-related and restructuring expenses, because we do not consider such amounts to be part of our ongoing operations nor are they comparable to prior period nor predictive of future results.

Non-GAAP net income (loss) 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 these limitations include that: (1) it does not consider the impact of stock-based compensation expense; (2) although amortization is a non-cash charge, the underlying assets may need to be replaced and non-GAAP net income (loss) does not reflect these capital expenditures; (3) it does not

consider the impact of any contingent consideration liability valuation adjustments; and (4) it does not consider the impact of other one-time charges, such as acquisition-related and restructuring expenses, which could be material to the results of our operations. In addition, our use of non-GAAP net income (loss) may not be comparable to similarly titled measures of other companies because they may not calculate non-GAAP net income (loss) in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider non-GAAP net income (loss) alongside other financial measures, including our net loss other results stated in accordance with GAAP.

## **Information About Operating and Financial 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.

### ***Operating and Financial Metrics***

*Marketplace GMV* - Marketplace GMV is primarily driven by the volume and dollar value of Marketplace Units transacted on our marketplace platform. 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 marketplace platform within the applicable period, excluding any auction and ancillary fees.

*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 marketplace platform, the vibrancy of our marketplace platform and our market share of wholesale transactions in the United States. We define Marketplace Units as the number of vehicles transacted on our marketplace platform 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 excludes vehicles that were inspected by ACV, but not sold on our marketplace. Marketplace Units have generally increased over time as we have expanded our territory coverage, added new dealer partners 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 our financial guidance for the second quarter of 2024 and the full year of 2024. 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 marketplace platform; (5) general market, political, economic, and business conditions; (6) our ability to acquire new customers and successfully retain existing customers; (7) our ability to effectively develop and expand our sales and marketing capabilities; (8) breaches in our security measures, unauthorized access to our marketplace platform, our data, or our customers' or other users' personal data; (9) risk of interruptions or performance problems associated with our products and platform capabilities; (10) our ability to adapt and respond to rapidly changing technology or customer needs; (11) our ability to compete effectively with existing competitors and new market entrants; (12) 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; (13) the impact that economic conditions could have on our or our customers' businesses, financial condition and results of operations; and (14) the impact of such economic conditions in the wholesale dealer market included in our guidance for the second quarter of 2024 and full year 2024, and the related impact on the performance of our marketplace and our operating expenses, stock-based compensation expense and intangible amortization. These and other 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 Form 10-K for the year ended December 31, 2023, filed with the SEC on February 21, 2024. Additional information will be made available in 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**  
(Unaudited)  
(in thousands, except per share data)

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenue:</b>		
Marketplace and service revenue	\$ 129,814	\$ 104,863
Customer assurance revenue	15,875	14,763
<b>Total revenue</b>	<b>145,689</b>	<b>119,626</b>
<b>Operating expenses:</b>		
Marketplace and service cost of revenue (excluding depreciation & amortization)	55,693	47,575
Customer assurance cost of revenue (excluding depreciation & amortization)	12,814	12,143
Operations and technology	38,069	35,660
Selling, general, and administrative	53,853	41,797
Depreciation and amortization	7,787	3,285
<b>Total operating expenses</b>	<b>168,216</b>	<b>140,460</b>
<b>Loss from operations</b>	<b>(22,527)</b>	<b>(20,834)</b>
<b>Other income (expense):</b>		
Interest income	3,031	3,296
Interest expense	(535)	(315)
<b>Total other income (expense)</b>	<b>2,496</b>	<b>2,981</b>
Loss before income taxes	(20,031)	(17,853)
<b>Provision for income taxes</b>	<b>440</b>	<b>347</b>
<b>Net loss</b>	<b>\$ (20,471)</b>	<b>\$ (18,200)</b>
<b>Weighted-average shares - basic and diluted</b>	<b>162,889,642</b>	<b>158,694,919</b>
<b>Net loss per share - basic and diluted</b>	<b>\$ (0.13)</b>	<b>\$ (0.11)</b>

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Assets</b>		
<b>Current Assets :</b>		
Cash and cash equivalents	\$ 209,845	\$ 182,571
Marketable securities	131,631	228,761
Trade receivables (net of allowance of \$3,931 and \$2,868)	219,305	164,009
Finance receivables (net of allowance of \$3,728 and \$3,428)	121,047	119,034
Other current assets	14,398	12,524
<b>Total current assets</b>	<b>696,226</b>	<b>706,899</b>
Property and equipment (net of accumulated depreciation of \$4,289 and \$4,462)	7,903	4,918
Goodwill	169,305	103,379
Acquired intangible assets (net of amortization of \$19,676 and \$17,534)	78,585	34,192
Capitalized software (net of amortization of \$21,836 and \$17,059)	59,662	55,771
Other assets	32,971	17,765
<b>Total assets</b>	<b>\$ 1,044,652</b>	<b>\$ 922,924</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities :</b>		
Accounts payable	\$ 393,144	\$ 305,845
Accrued payroll	14,126	12,245
Accrued other liabilities	22,788	15,851
<b>Total current liabilities</b>	<b>430,058</b>	<b>333,941</b>
Long-term debt	125,000	115,000
Other long-term liabilities	31,315	17,455
<b>Total liabilities</b>	<b>586,373</b>	<b>466,396</b>
Commitments and Contingencies		
<b>Stockholders' Equity :</b>		
Preferred Stock	—	—
Common Stock - Class A	147	139
Common Stock - Class B	17	23
Additional paid-in capital	902,989	880,510
Accumulated deficit	(443,086)	(422,615)
Accumulated other comprehensive loss	(1,788)	(1,529)
<b>Total stockholders' equity</b>	<b>458,279</b>	<b>456,528</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,044,652</b>	<b>\$ 922,924</b>



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

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b><i>Cash Flows from Operating Activities</i></b>		
Net income (loss)	\$ (20,471)	\$ (18,200)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,802	3,392
Stock-based compensation expense, net of amounts capitalized	14,830	11,505
Provision for bad debt	2,097	2,176
Other non-cash, net	356	(302)
Changes in operating assets and liabilities, net of effects from purchases of businesses:		
Trade receivables	(33,676)	(21,487)
Other operating assets	(289)	(841)
Accounts payable	68,217	62,761
Other operating liabilities	4,109	3,976
<b>Net cash provided by (used in) operating activities</b>	<b>42,975</b>	<b>42,980</b>
<b><i>Cash Flows from Investing Activities</i></b>		
Net increase in finance receivables	(1,047)	(27,407)
Purchases of property and equipment	(1,075)	(266)
Capitalization of software costs	(7,513)	(4,943)
Purchases of marketable securities	(2,902)	(35,602)
Maturities and redemptions of marketable securities	30,030	41,950
Sales of marketable securities	70,020	2,402
Acquisition of businesses (net of cash acquired)	(108,453)	—
<b>Net cash provided by (used in) investing activities</b>	<b>(20,940)</b>	<b>(23,866)</b>
<b><i>Cash Flows from Financing Activities</i></b>		
Proceeds from long term debt	190,000	95,000
Payments towards long term debt	(180,000)	(75,000)
Proceeds from exercise of stock options	2,401	899
Payment of RSU tax withholdings in exchange for common shares surrendered by RSU holders	(7,090)	(3,619)
Other financing activities	(23)	—
<b>Net cash provided by (used in) financing activities</b>	<b>5,288</b>	<b>17,280</b>
<b>Effect of exchange rate changes on cash, cash equivalents, and restricted cash</b>	<b>(49)</b>	<b>3</b>
<b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>27,274</b>	<b>36,397</b>
<b><i>Cash, cash equivalents, and restricted cash, beginning of period</i></b>	<b>182,571</b>	<b>280,752</b>
<b><i>Cash, cash equivalents, and restricted cash, end of period</i></b>	<b>\$ 209,845</b>	<b>\$ 317,149</b>

The following table presents a reconciliation of non-GAAP net income (loss) to net income (loss), the most directly comparable financial measure stated in accordance with GAAP, for the periods presented:

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Net income (loss)	\$ (20,471)	\$ (18,200)
Stock-based compensation	14,830	11,505
Amortization of acquired intangible assets	2,213	1,173
Amortization of capitalized stock based compensation	928	277
Acquisition-related costs	2,120	206
Litigation-related costs <sup>(1)</sup>	1,553	—
Other	45	—
Non-GAAP Net income (loss)	<u>\$ 1,218</u>	<u>\$ (5,039)</u>

<sup>(1)</sup> Litigation-related costs are related to an anti-competition case which we do not consider to be representative of our underlying operating performance

The following table presents a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable financial measure stated in accordance with GAAP, for the periods presented:

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Adjusted EBITDA Reconciliation		
Net income (loss)	\$ (20,471)	\$ (18,200)
Depreciation and amortization	7,802	3,392
Stock-based compensation	14,830	11,505
Interest (income) expense	(2,496)	(2,981)
Provision for income taxes	440	347
Acquisition-related costs	2,120	206
Litigation-related costs <sup>(1)</sup>	1,553	—
Other	494	96
Adjusted EBITDA	<u>\$ 4,272</u>	<u>\$ (5,635)</u>

<sup>(1)</sup> Litigation-related costs are related to an anti-competition case which we do not consider to be representative of our underlying operating performance

The following table presents a reconciliation of non-GAAP net income (loss) to GAAP net income (loss), the most directly comparable financial measure stated in accordance with GAAP, for the periods presented (in millions):

	<b>Q2'24</b>	<b>FY24</b>
Non-GAAP net income (loss) to net income (loss) guidance Reconciliation		
Net income (loss)	(\$19) – (\$17)	(\$85) – (\$80)
Non-GAAP Adjustments:		
Stock-based compensation	18	70
Intangible amortization	3	10
Amortization of capitalized stock-based compensation	1	4
Acquisition-related costs	—	2
Other	—	2
Non-GAAP net income (loss)	<u>\$2 - \$4</u>	<u>\$3 - \$8</u>



Source: ACV