



# Q4-22 EARNINGS PRESENTATION



FEB\_22\_2023

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## FORWARD LOOKING STATEMENTS

Statements in this presentation regarding future performance and future expectations, beliefs, goals, plans or prospects include forward looking statements for purposes of federal and state securities laws, including statements regarding ACV's avenues for long term growth and total addressable market expansion, our financial guidance for the first quarter and full year of 2023, and 2026 financial targets, and operational and product strategy. Any statements that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "intends" or "estimates" or similar expressions) should also be considered to be forward-looking statements. These forward-looking statements are subject to risk and uncertainties and involve factors that could cause actual results to differ materially from those expressed or implied from such statements. A discussion of the risks and uncertainties related to our business is contained in our Annual Report on Form 10-K, Forms 10-Q and other filings and reports that we may file from time to time with the Securities and Exchange Commission. Our remarks during today's discussion should be considered to incorporate this information by reference. We do not intend, and undertake no obligation, to update any forward-looking statements.

This presentation contains estimates and other statistical data made by independent parties and us relating to data about our industry. This involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such data. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation.

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## INFORMATION ABOUT KEY OPERATING AND FINANCIAL METRICS AND NON-GAAP FINANCIAL MEASURES

This presentation refers to certain operating and financial metrics that are not calculated in accordance with U.S. generally accepted accounting principles or GAAP. These non-GAAP financial measures are in addition to, and not as a substitute or superior to, measures of financial performance in accordance with GAAP. Reconciliations of the non-GAAP measures, including Adjusted EBITDA to net loss and non-GAAP operating expenses to GAAP operating expenses are included in the appendix to this presentation.



01

# HIGHLIGHTS



George Chamoun  
CHIEF EXECUTIVE OFFICER

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HIGHLIGHTS

Q4-21

Q4-22

\$100M

Revenue

\$98M

86%

YoY Revenue  
Growth

(2%)

\$2.5B

GMV

\$1.8B

139K

Marketplace  
Units

125K

2021

2022

\$358M

Revenue

\$422M

72%

YoY Revenue  
Growth

18%

\$7.9B

GMV

\$9.0B

561K

Marketplace  
Units

546K

# MAXIMIZING LONG-TERM SHAREHOLDER VALUE

## GROWTH

Transforming the automotive market with the leading digitally native, data-driven platform, creating the most trusted and efficient marketplace in the industry.

## INNOVATION

Leveraging technology to extend ACV's competitive moat and to create additional growth vectors with an expanding suite of innovative products and data services.

## SCALE

Proven business model delivering growth at scale, with attractive Marketplace cohort dynamics, and long-term operating leverage.

02

# GROWTH

Q 4 - 2 2 \_ E A R N I N G S

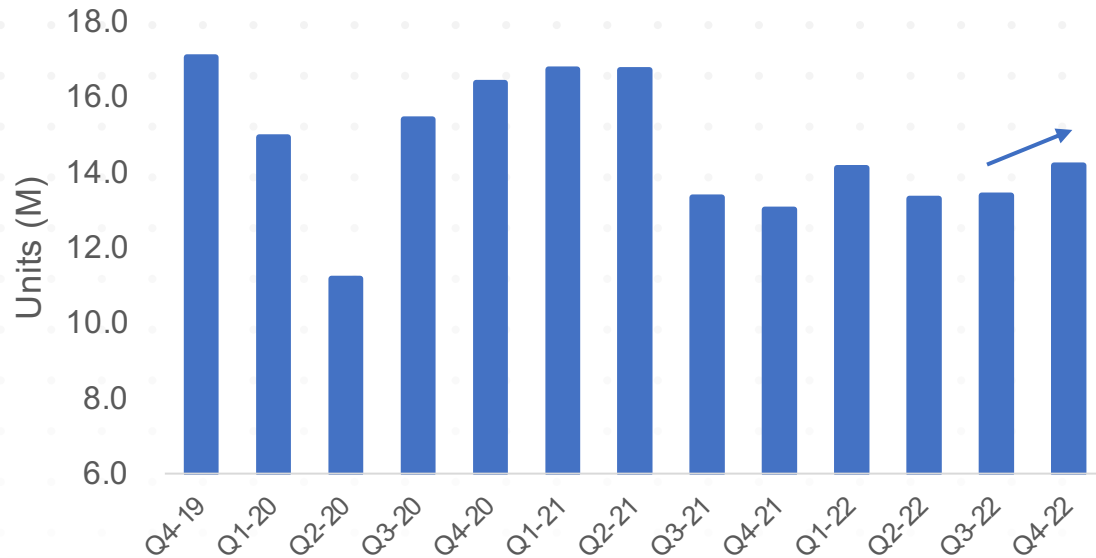
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# New Light-Vehicle Volumes Ticked Up in Q4-22

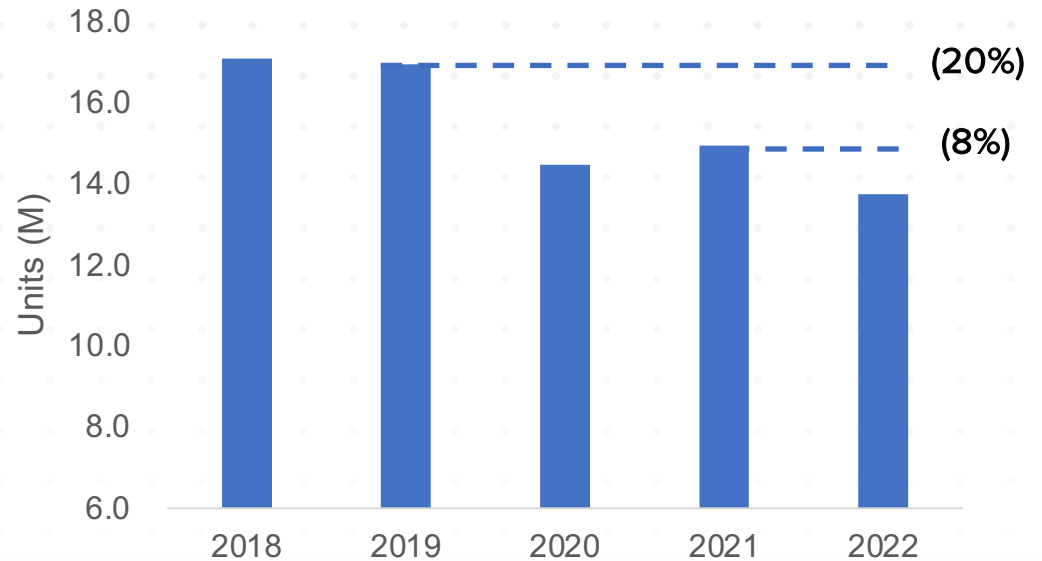
Units Declined 8% in 2022; 20% Below Pre-Pandemic Volumes

## Quarterly SAAR



Source: Bureau of Economic Analysis

## Annual SAAR

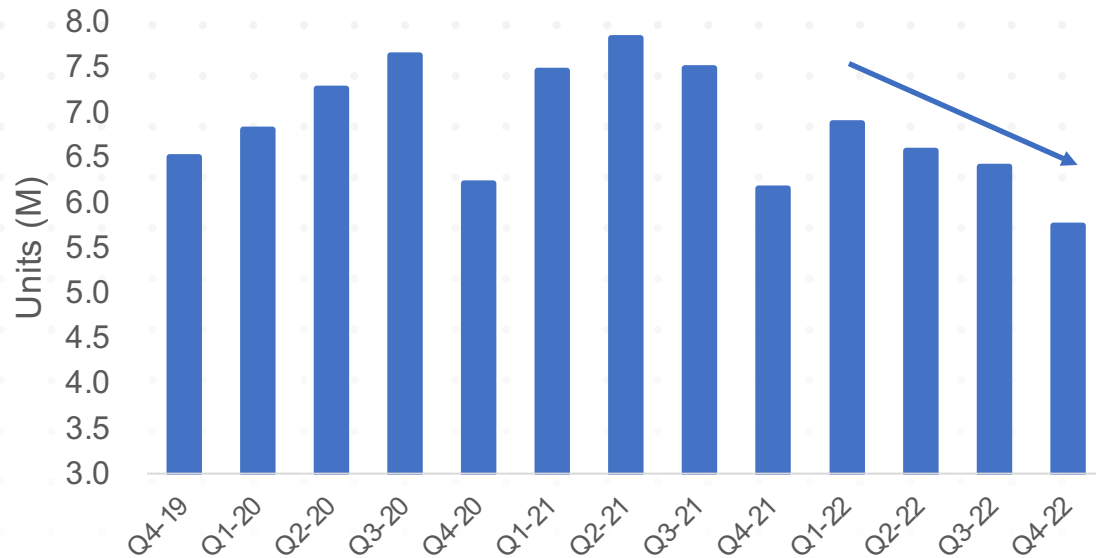


Source: Bureau of Economic Analysis

# Used Retail Impacted by Affordability Headwinds

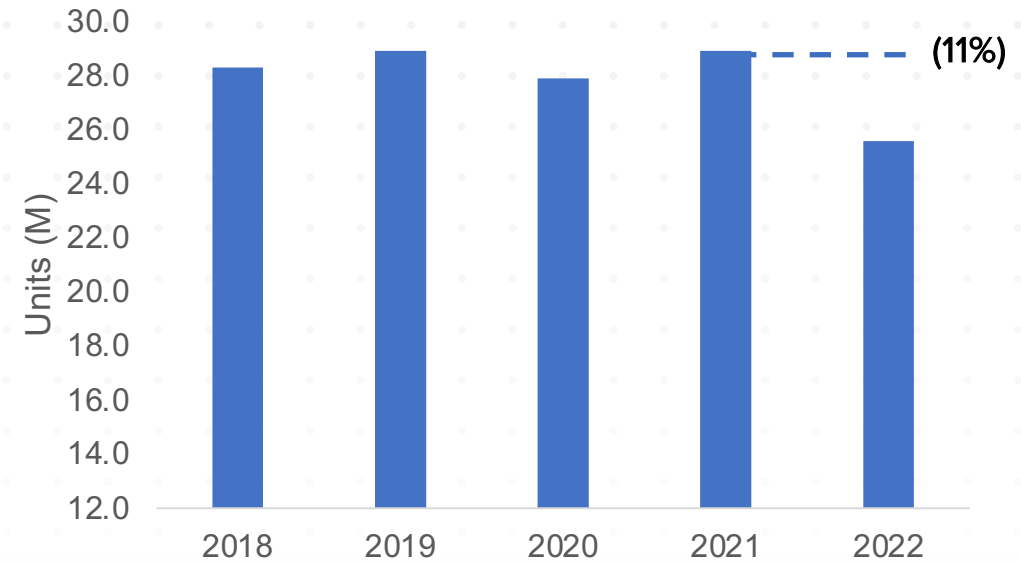
Units Declined 11% in 2022

## Quarterly Sales Volume



Source: NADA

## Annual Sales Volume



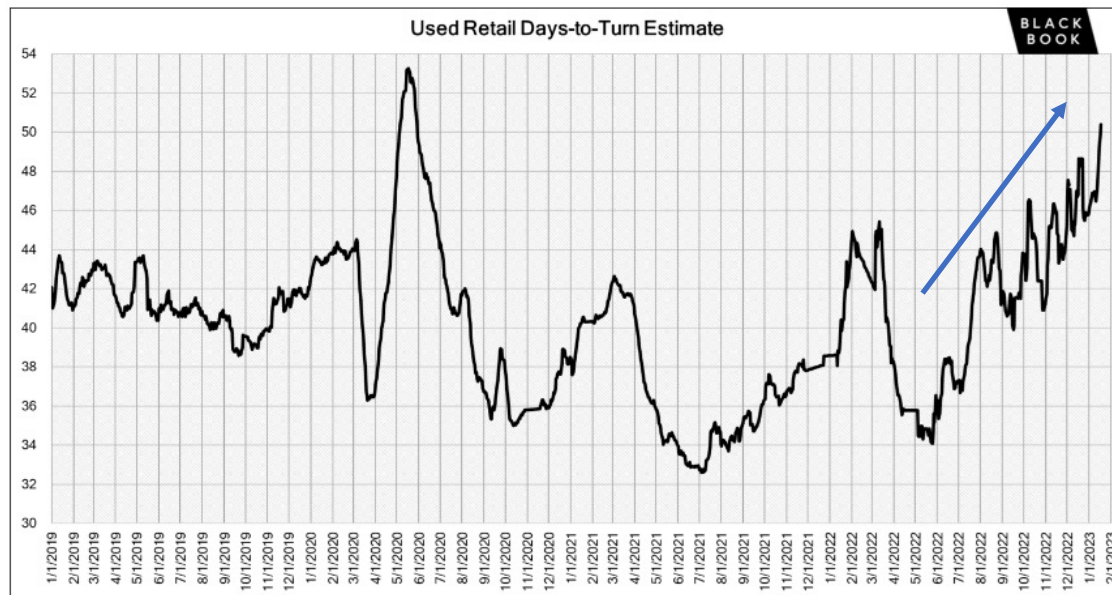
Source: NADA



# Vehicle Inventories Rebounding

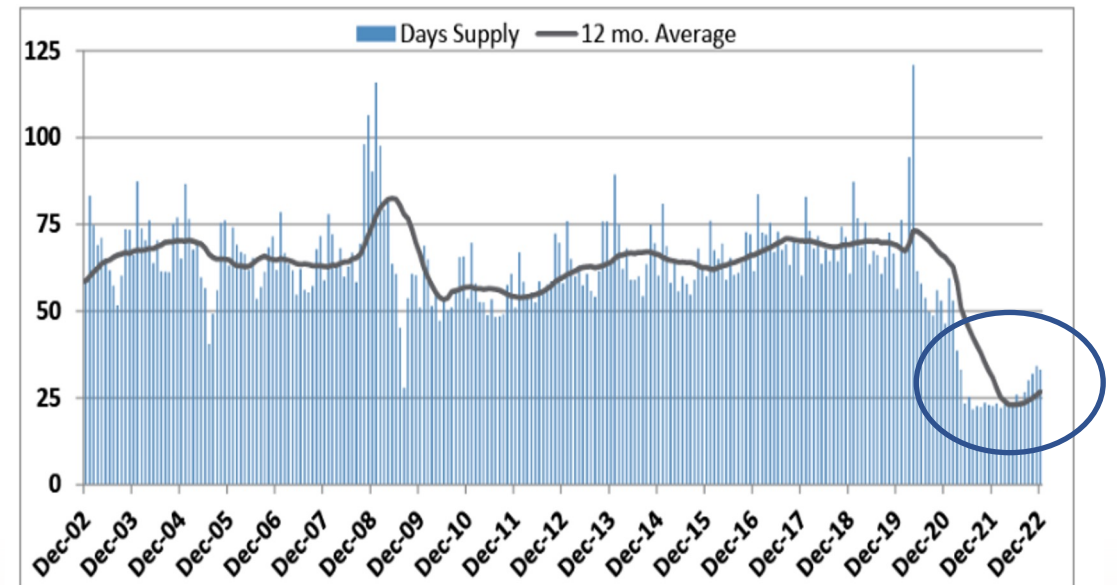
Wholesale Market Benefits From Sales of “Aged” Inventory and Trades on New Vehicles Sales

## Used Light-Vehicle Days Supply



Source: Black Book

## New Light-Vehicle Days Supply



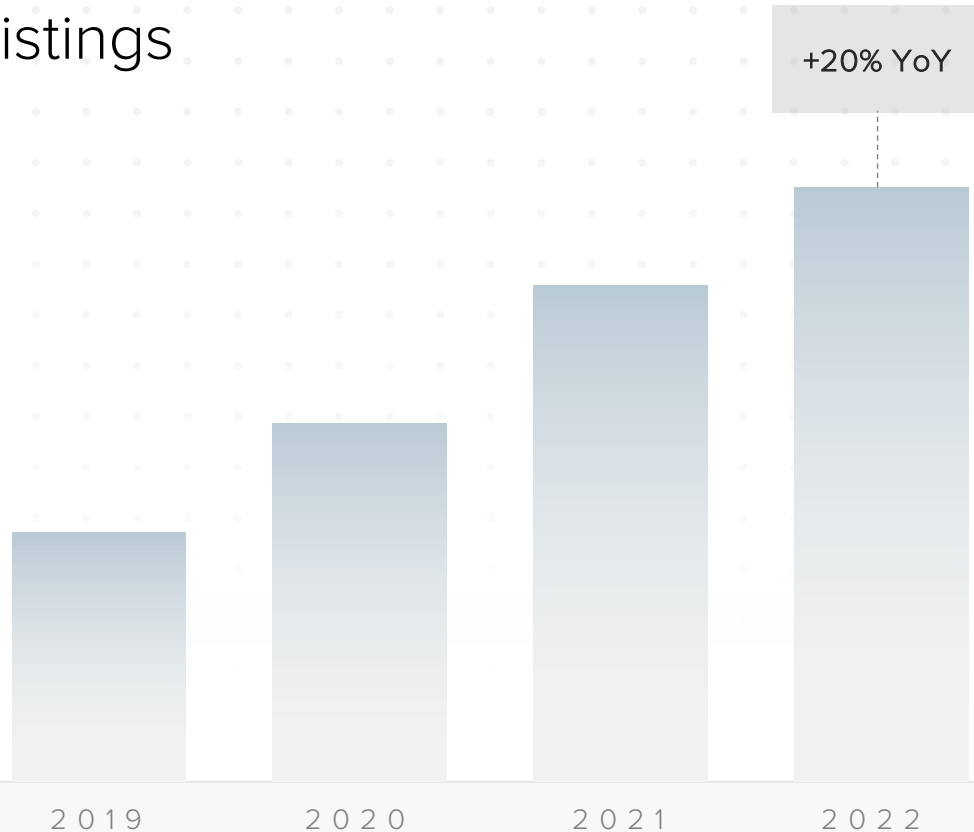
Source: JP Morgan

# Solid Listings Growth Despite Market Backdrop

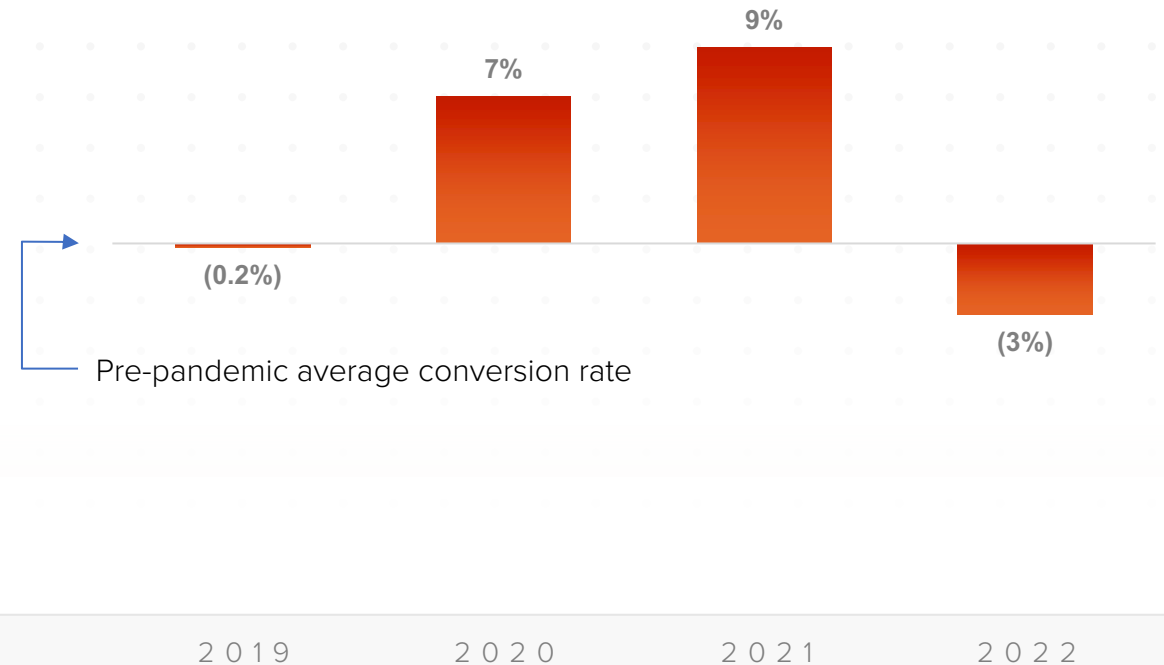
Listings grew 20% YoY in a market where retail sales and trades declined ~10% YoY

The 1,200 bps YoY conversion rate decline created a ~125K unit headwind in 2022

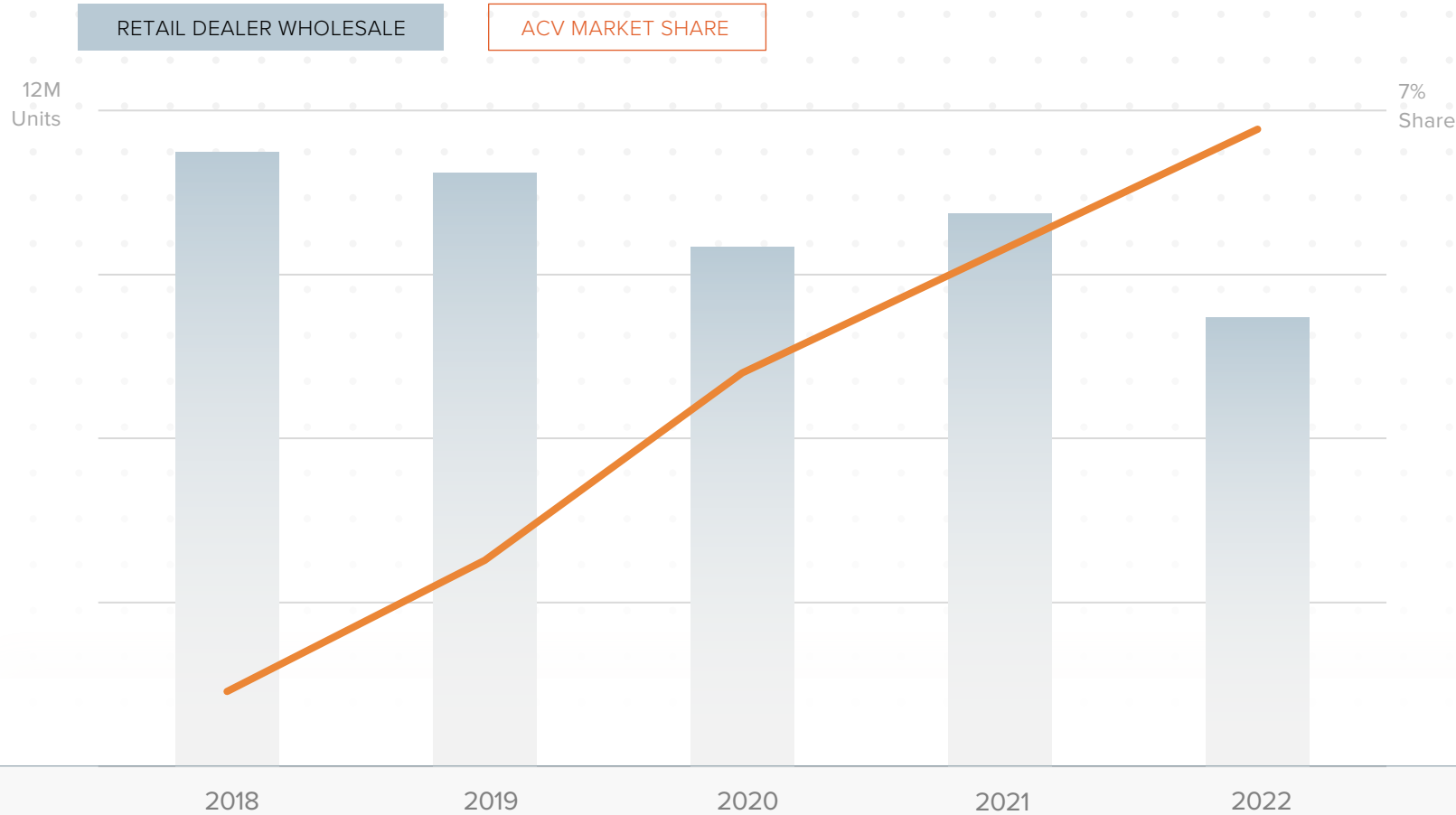
## Listings



## Conversion Rate Variance



# Continued Market Share Gains



## 2022 vs. 2021

**(20%)** Dealer Wholesale Market YoY

**(3%)** ACV Unit Growth YoY

**17%** ACV Market Share Expansion YoY

GROWTH

# Transportation

50%+ attach rate

Record cycle-time achieved in Q4

80%+ Auto / self dispatch

Low double-digit revenue margin

80%+

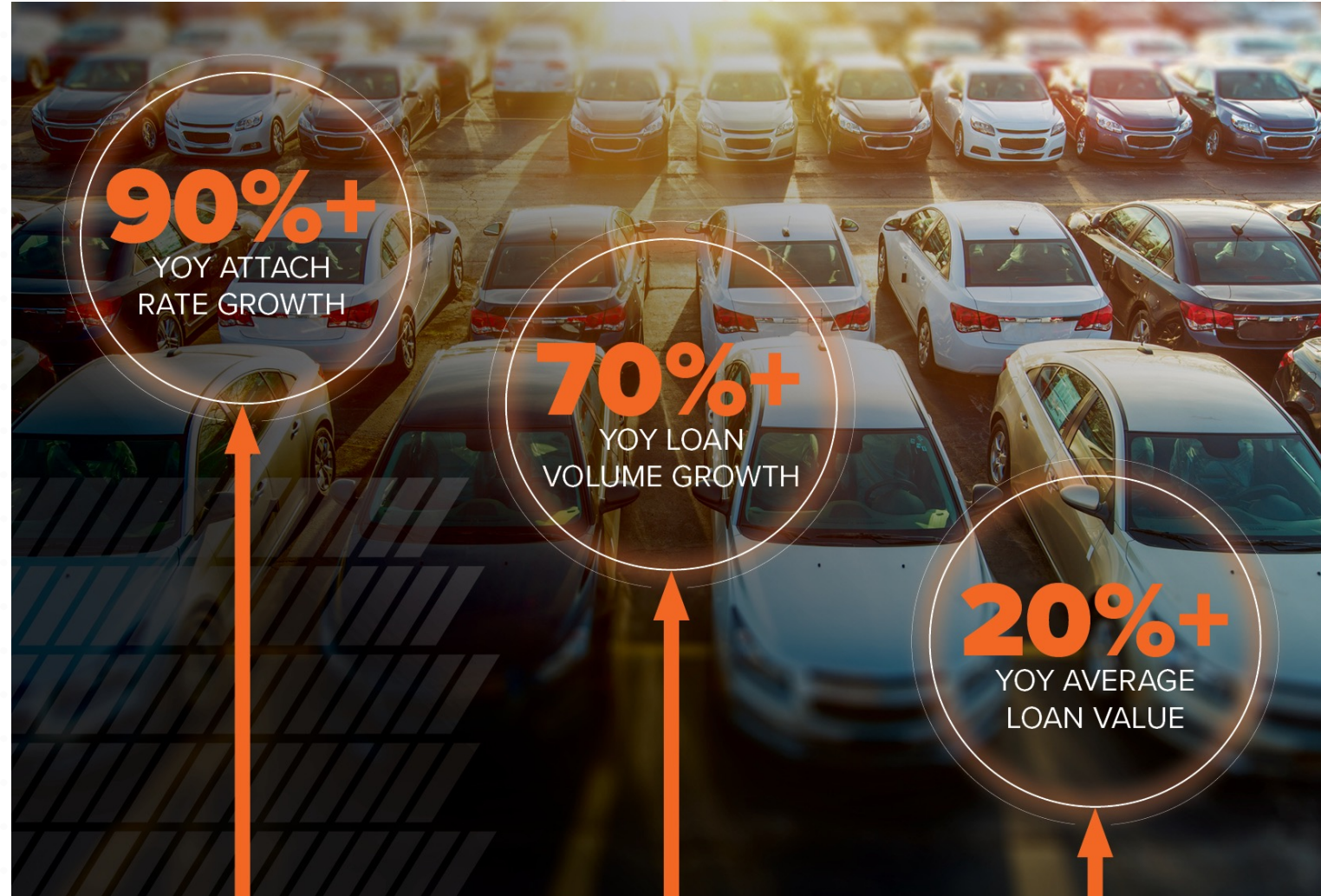
AUTO / SELF  
DISPATCHED



# ACV Capital

Strong attach rates in Q4 drove loan volume growth, coupled with increased average loan value

Investing to drive dealer engagement and scale



03

# INNOVATION

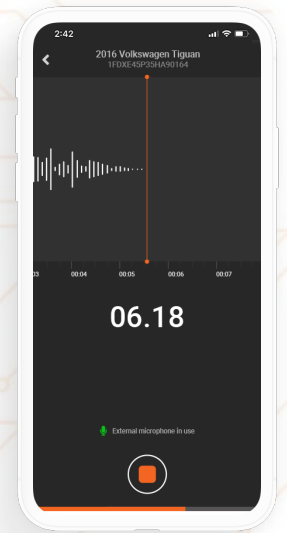
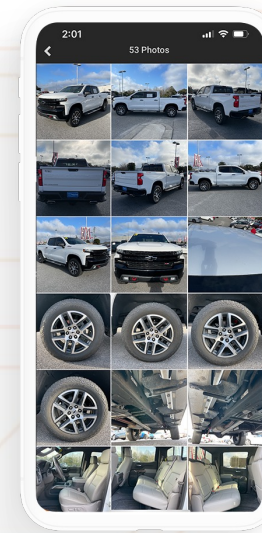
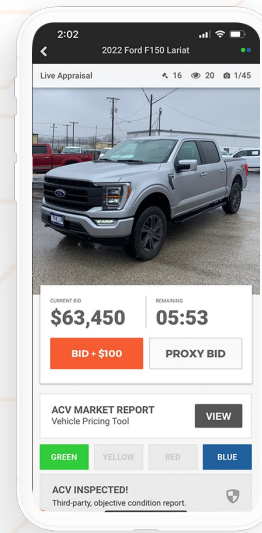
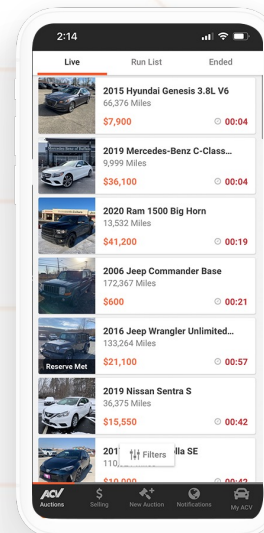
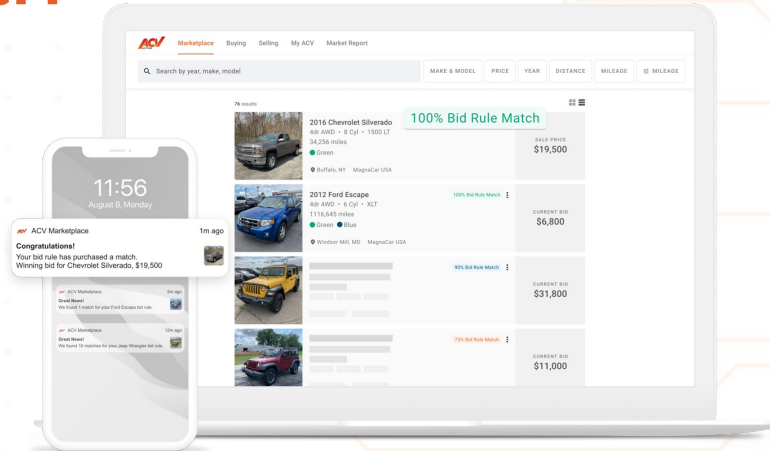
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# Innovation for Growth

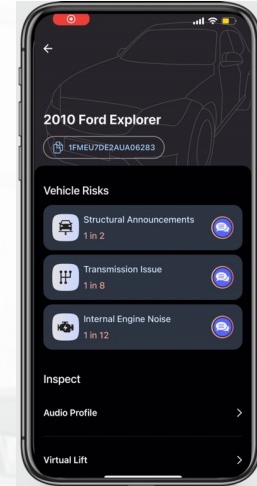
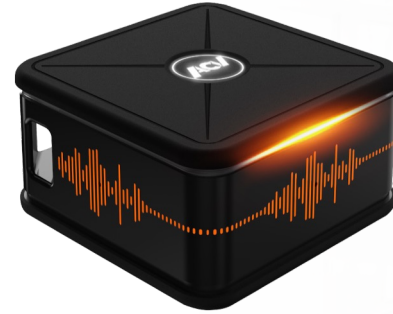
- Marketplace 2.0
- S.A.M.
- New auction formats
- Enhanced pricing engine
- Private Marketplaces
- Mobile Carrier App
- Transport lane pricing
- ACV Capital Portal
- Drivably and Monk



# Innovation for Scale

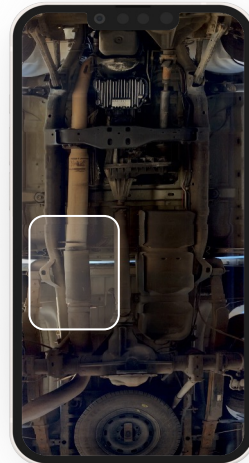
- Apex
- AI-powered Virtual Lift apps
- Copilot
- ArbGuard
- Advanced title processing

## APEX

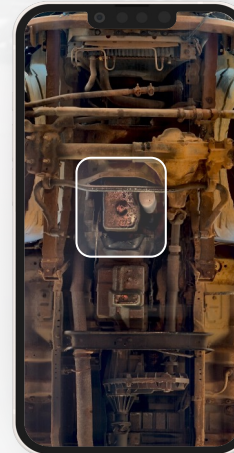


“Copilot”

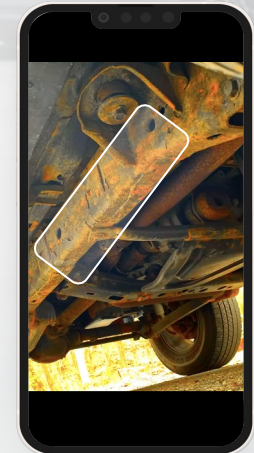
CATALYTIC CONVERTERS



OIL LEAK



RUST DETECTION





# What's Next?

- Leverage AI across ACV – inspections, marketplace, pricing, and operations
- Conversion enhancement and dealer experience
- Improved condition reports and lower arbitration exposure
- Expanded Transportation and Capital solutions
- Next-gen SaaS and Data Services offerings



04

# SCALE



Bill Zerella

CHIEF FINANCIAL OFFICER

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SCALE

# Solid Q4-22 Performance

REVENUE (\$M)

% YOY GROWTH

ADJ. EBITDA MARGIN

ADJ. EBITDA (\$M)

86%

(2%)

(\$16)

(\$13)

(\$17) – (\$15)

\$100

\$98

\$97 - \$100

(16%)

(13%)

(18%) – (15%)

Q 4 - 2 1

Q 4 - 2 2

Q 4 - 2 2  
Guidance

Q 4 - 2 1

Q 4 - 2 2

Q 4 - 2 2  
Guidance

Note: Refer to the adjusted EBITDA reconciliation in the appendix

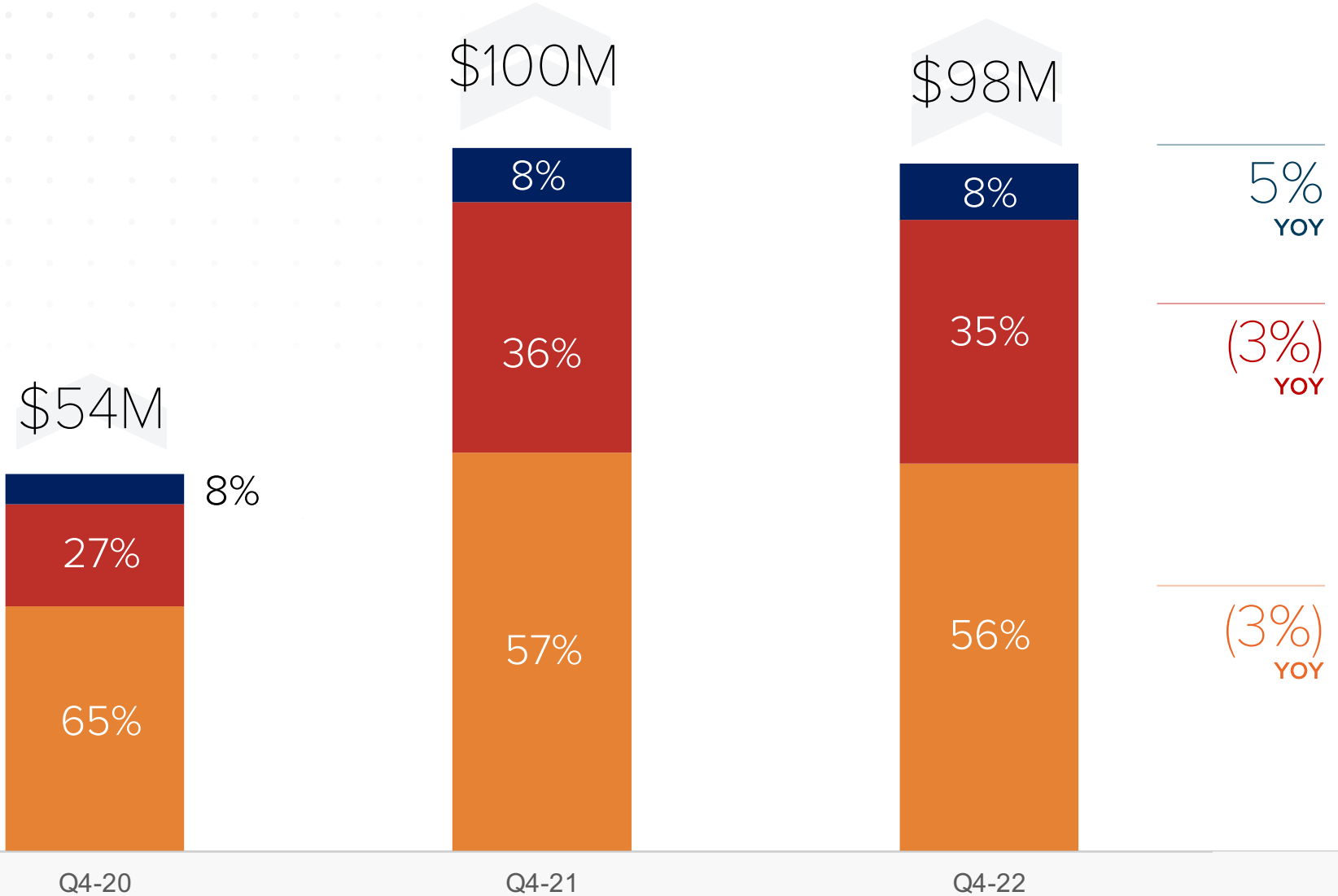
# Diversified Revenue Streams

## Revenue Breakdown (\$M)

**SAAS & DATA SERVICES**  
 SAAS PRODUCTS  
 DATA-ENABLED SOLUTIONS

**MARKETPLACE SERVICES**  
 TRANSPORTATION  
 CAPITAL

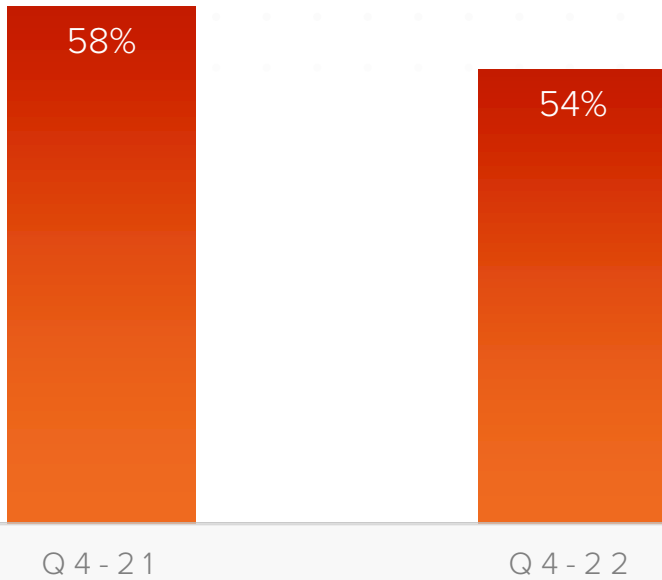
**AUCTION & ASSURANCE**  
 AUCTION FEES  
 GO GREEN ASSURANCE



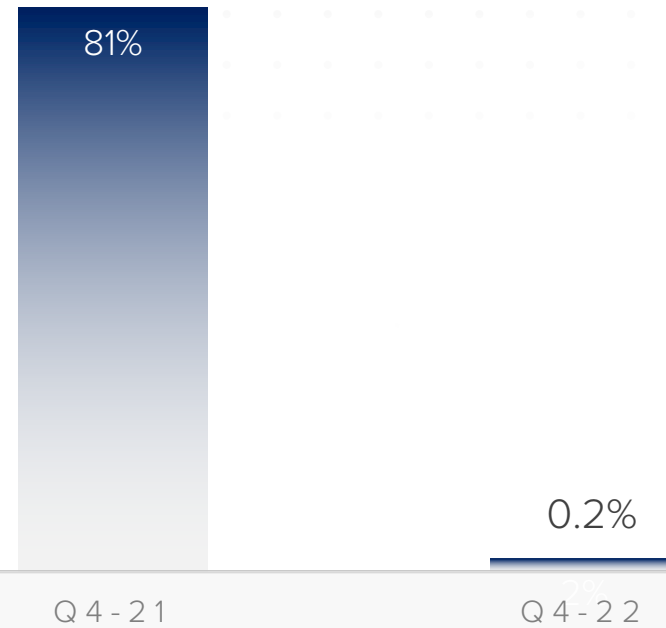
Note: Percentages may not sum to 100% due to rounding

# Delivering Margin Improvement and Managing OpEx

COST OF REVENUE % OF REVENUE

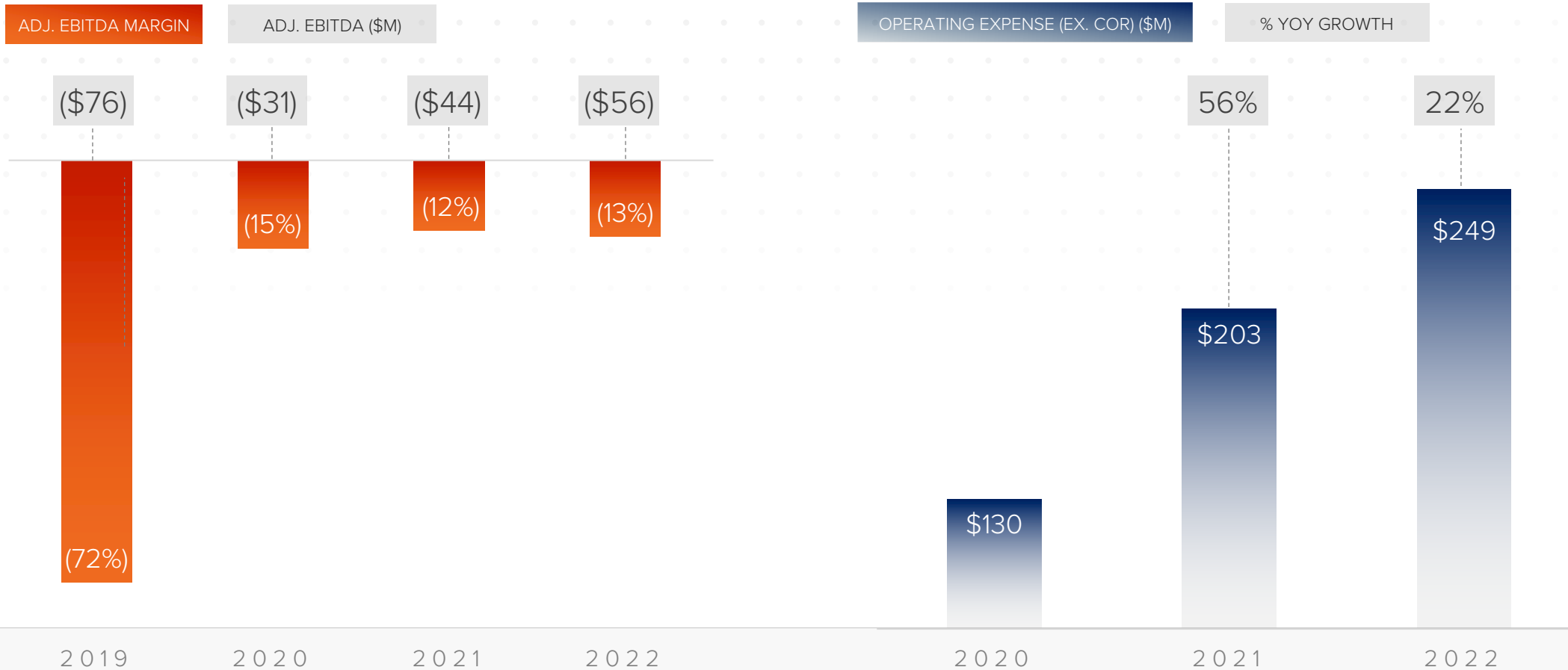


OPERATING COST (EX. COR) % YOY GROWTH



Note: Refer to the GAAP to non-GAAP operating cost reconciliation in the appendix

# Balancing Growth and Investments



Note: Refer to the adjusted EBITDA and operating costs reconciliations in the appendix

2020 Total Operating Expense (Ex. COR) excludes \$5.7M of stock-based compensation, \$3.0M of intangible amortization, and \$3.1M of contingent gains

2021 Total Operating Expense (Ex. COR) excludes \$23.7M of stock-based compensation and \$4.0M of intangible amortization

2022 Total Operating Expense (Ex. COR) excludes ~\$39.3M of stock-based compensation, ~\$4.9M of intangible amortization, \$1.6M of contingent losses, and \$1.0M of other

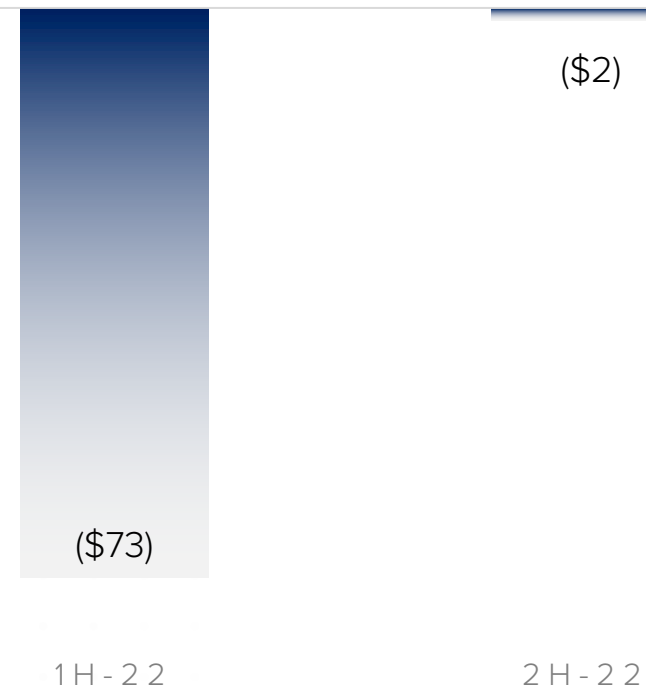
# Strong Capital Position and Cash Flow in 2H-22

(\$M)

As of Dec 31, 2022

Cash, Cash Equivalents and Marketable Securities	\$497 (Includes ~\$145M of auction float)
ACV Capital Receivables	\$78
Long Term Debt (ACV Capital related)	\$76
Total Assets	\$915
Total Liabilities	\$429

OPERATING CASH FLOW (\$M)



# Guidance

(dollars in millions)

	Q1-23	2023
<b>Revenue</b>	<b>\$107 to \$110</b>	<b>\$460 to \$470</b>
YoY Growth	4% to 7%	9% to 11%
Adjusted EBITDA Loss	(\$14) to (\$12)	(\$35) to (\$30)
Adjusted EBITDA Loss %	(13%) to (11%)	(8%) to (6%)
GAAP Net Loss	(\$29) to (\$27)	(\$109) to (\$104)
Non-GAAP Net Loss <sup>(1)</sup>	(\$17) to (\$15)	(\$50) to (\$45)

New-vehicle supply remains constrained near-term, then improves as production and inventory continue to recover

Conversion rates increase from historically low levels in 2H-22 as wholesale price-depreciation moderates

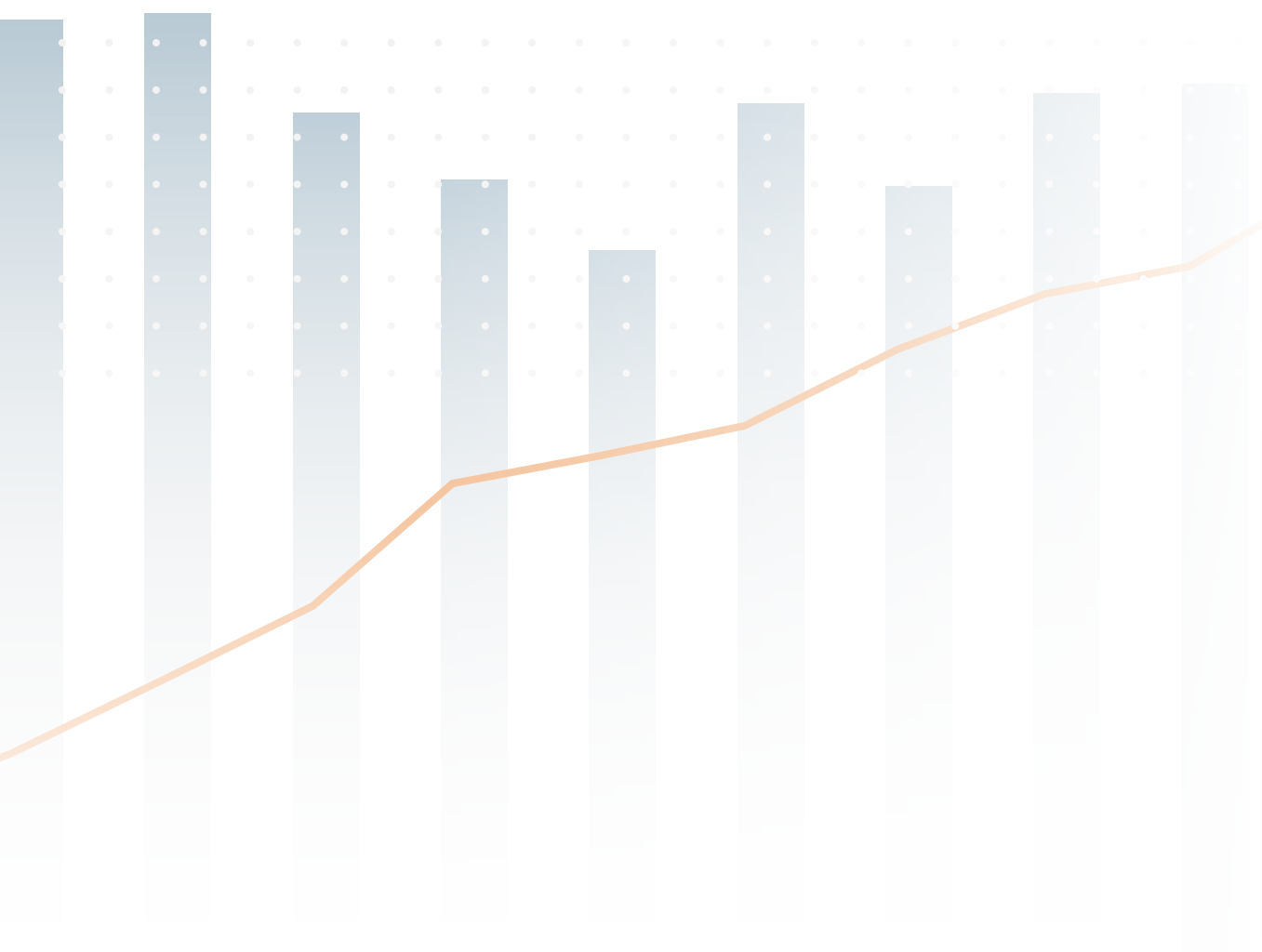
Non-GAAP operating expense, excluding cost of revenue and D&A, is expected to grow at approximately half of the revenue growth rate

(1) Q1-23 non-GAAP net loss excludes approximately \$12 million of stock-based compensation and approximately \$1 million of intangible amortization. 2023 non-GAAP net loss excludes approximately \$55 million of stock-based compensation and approximately \$4 million of intangible amortization.



SCALE

# 2026 Financial Targets



\$1.3B

REVENUE

\$325M

ADJ. EBITDA

25%

ADJ. EBITDA  
MARGIN

# Wrap Up

01



Executing on Growth Strategy  
Despite Challenging Markets

02



Expanding Footprint and Gaining  
Share with Proven Playbook

03



Delivering on Product Roadmap  
and Expanding Addressable Market

04



Driving Profitable Growth Through  
Scalable Business Model

05



Building World Class Team with  
People-First Culture

05

# Q&A

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# APPENDIX

Q 4 - 2 2 \_ E A R N I N G S

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# Adjusted EBITDA Reconciliation

Reconciliation GAAP Net Income (Loss) to Non-GAAP Net Income (Loss)	2019	2020	2021	Q1-22	Q2-22	Q3-22	Q4-22	2022
GAAP Net Income (Loss)	(\$77.2)	(\$41.0)	(\$78.2)	(\$29.5)	(\$24.5)	(\$23.7)	(\$24.5)	(\$102.2)
Non-GAAP Adjustments:								
Contingent Gain (Loss)	0.0	3.1	0.0	0.2	0.0	0.0	(1.8)	(\$1.6)
Stock Based Compensation	(1.0)	(5.7)	23.7	7.9	8.4	9.6	13.4	\$39.3
Intangible Amortization from Acquisitions	(0.1)	(3.0)	4.0	1.2	1.3	1.2	1.2	\$4.9
Capitalized Stock Based Compensation Amortization					0.2	0.1	0.2	\$0.5
Other	0.0	0.0	0.0	0.0	0.0	0.5	0.0	\$0.5
<b>Non-GAAP Net Income (Loss)</b>	<b>(\$76.1)</b>	<b>(\$35.4)</b>	<b>(\$50.5)</b>	<b>(\$20.1)</b>	<b>(\$14.7)</b>	<b>(\$12.3)</b>	<b>(\$11.4)</b>	<b>(\$58.5)</b>
Reconciliation Non-GAAP Net Income (Loss) to Adj. EBITDA	2019	2020	2021	Q1-22	Q2-22	Q3-22	Q4-22	2022
Non-GAAP Net Income (Loss)	(\$76.1)	(\$35.4)	(\$50.5)	(\$20.1)	(\$14.7)	(\$12.3)	(\$11.4)	(\$58.5)
Add Back:								
Depreciation & Amortization	1.7	4.3	4.7	1.3	1.1	1.8	1.8	\$6.0
Interest Expense	0.0	0.6	0.8	0.2	0.2	0.2	0.3	\$0.9
Interest Income	(2.1)	(0.7)	(0.1)	0.0	(0.6)	(1.9)	(2.5)	(\$5.0)
Other (Income) Expense, Net	0.0	0.0	0.2	0.4	(0.3)	0.0	(0.1)	\$0.1
Taxes	0.0	0.5	0.7	0.2	0.2	0.3	(0.6)	\$0.1
<b>Adj. EBITDA</b>	<b>(\$76.4)</b>	<b>(\$30.8)</b>	<b>(\$44.1)</b>	<b>(\$18.0)</b>	<b>(\$14.1)</b>	<b>(\$11.8)</b>	<b>(\$12.5)</b>	<b>(\$56.5)</b>
Revenue from Income Statement	\$106.8	\$208.4	\$358.4	\$103.1	\$115.1	\$105.4	\$98.0	\$421.6
Adj. EBITDA as a % of Revenue	(72%)	(15%)	(12%)	(17%)	(12%)	(11%)	(13%)	(13%)

ms may not total due to rounding

# Operating Cost Reconciliation

ACV Auctions Inc. Operating Cost Reconciliation - Detailed	Quarter Ending Dec - 21	Quarter Ending Dec - 22
<b>GAAP Marketplace &amp; Service Cost of Revenue</b>	<b>\$45.6</b>	<b>\$40.6</b>
Marketplace & Service Cost of Revenue SBC	\$0.1	\$0.2
Non-GAAP Marketplace COR	\$45.5	\$40.4
<b>GAAP Customer Assurance Cost of Revenue</b>	<b>\$12.5</b>	<b>\$12.3</b>
Non-GAAP Customer Assurance Cost of Revenue	\$12.5	\$12.3
<b>GAAP Operations &amp; Technology</b>	<b>\$29.6</b>	<b>\$32.7</b>
Operations & Technology SBC	\$1.8	\$3.0
Non-GAAP Marketplace & Inspection Ops	\$18.5	\$19.5
Non-GAAP Technology & Development	\$9.3	\$10.2
<b>GAAP SG&amp;A</b>	<b>\$35.9</b>	<b>\$36.6</b>
SG&A SBC	\$5.4	\$10.2
Contingent Gains Losses	\$0.0	(\$1.8)
SG&A Other Adjustments	\$0.0	(\$0.0)
Non-GAAP Sales & Marketing	\$17.2	\$16.5
Non-GAAP G&A	\$13.3	\$11.7
<b>GAAP Depreciation &amp; Amortization</b>	<b>\$2.4</b>	<b>\$3.1</b>
Intangible Amort	\$1.2	\$1.2
Amortization from Capitalized SBC	\$0.0	\$0.2
Non-GAAP D&A	\$1.2	\$1.7

## 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.

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; other (income) expense, net; and other one-time non-recurring items of a material nature, 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 the 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 expenses, including interest 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 of a material nature, 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.



## INFORMATION ABOUT NON-GAAP FINANCIAL MEASURES (CON'T)

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 of a material nature, 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 of a material nature, 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.





## KEY OPERATING AND FINANCIAL METRICS

We regularly monitor the following operating and financial metrics in order to measure our current performance and estimate our future. Our key operating and financial metrics may be calculated in a manner different than similar business metrics used by other companies.

### **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.

### **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 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 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 ACV’s ability to deliver long-term growth and total addressable market expansion, our financial guidance for the fourth quarter of 2022 and the full year of 2022. 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) 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 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; and (13) the impact that economic conditions on our or our customers’ businesses, financial condition and results of operations. 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, filed with the SEC on November 9, 2022. 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.

