Risk Factors Comparison 2024-03-13 to 2023-03-02 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

An investment in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with the financial and other information contained in this Annual Report on Form 10- K, before you decide to purchase shares of our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material or important, may also become material or important factors that adversely affect our business. If any of the following risks or others not specified below materialize, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline and you could lose all or part of your investment in our common stock. Risks Related to Our Financial Condition ~~and~~ **,** Results of Operations ~~Despite~~ **, Liquidity and Indebtedness There are risks associated with** the **discontinuance of our ecommerce operations and wind- down of our used vehicle dealership business. On January 22, 2024, we announced the Value Maximization Plan, pursuant to which we are discontinuing our ecommerce operations and winding down our used vehicle dealership business in order to preserve cash and maximize stakeholder value through our remaining businesses. As a result, we will incur** ~~cost~~ **costs** ~~saving measures~~ **including severance costs** , ~~reduced growth rates~~ **inventory liquidation costs, contract** and ~~increased focus~~ **lease termination costs and non- cash asset impairments, and such costs are expected to exceed any cash we generate** on ~~liquidity and profitability contemplated by our Realignment~~ **the liquidation of assets. The Company estimates it will incur approximately $ 31. 5 million in one- time expenses in connection with the** Plan **. Included in this amount are approximately $ 15. 0 million in costs attributable to contract** and ~~long~~ **lease terminations and approximately $ 16. 5 million of expenses the Company expects to incur relating to employee severance and benefits costs. The actual amount of wind down, transition and impairment charges may materially exceed our estimates, due to various factors, many of which are outside of our control, including the outcomes of discussions and negotiations (a number of which are currently ongoing) with the counterparties to the contracts and leases we intend to terminate or modify. In addition, because of uncertainties with respect to our wind** - ~~term roadmap~~ **down plan (including those described above)** , we may ~~need~~ **not be able** to ~~raise additional capital~~ **realize the anticipated benefits of or complete the wind- down in the expected timeframe, on the terms or in the manner we expect, and the costs incurred in connection with such wind- down activities may exceed our estimates. If the time to complete the wind- down takes longer than expected, or the actual costs or impairment charges exceed our estimates, the Company' s business, operational results, financial position and cash flows could be adversely affected. The purpose of the Value Maximization Plan is to wind- down our ecommerce operations, which were not profitable and had significant cash burn, in order to preserve cash and enable us to maximize stakeholder value** through ~~debt or~~ **our remaining** ~~equity financings to achieve our business~~ **businesses** ~~objectives~~ **, UACC** and **CarStory. As of February 29, 2024, we had cash and cash equivalents of approximately $ 94. 0 million. Given our wind- down expenses, including employee severance costs, our ongoing operating expenses and recent losses at UACC,** there can be no assurance that **we will succeed in growing and enhancing the profitability of UACC and CarStory and create meaningful stakeholder value. Additionally, the announced wind- down involves further risks, including: • the inability to retain qualified personnel necessary for the wind- down during the wind- down period; • potential disruption of the operations of the rest of our businesses and diversion of management' s attention from** such ~~financings will~~ **businesses and operations; • exposure to unknown, contingent or other liabilities, including litigation arising in connection with the wind- down; • negative impact on our business relationships, including but not limited to potential relationships with our customers, suppliers, vendors, licensees and employees; and • unintended negative consequences from changes to our business. If any of these or other factors impair our ability to successfully implement the wind- down, we may not** be ~~available in amounts or~~ **able to realize other business opportunities as we may be required to spend additional time and incur additional expense relating to the wind- down that otherwise would be used** on **the development** ~~terms acceptable to us~~ , ~~if at all~~ **expansion and profitability of our other businesses, which could adversely impact our business, operational results, financial position and cash flows. We may not generate sufficient liquidity to operate our business** . As of ~~December 31~~ **February 29** , ~~2022~~ **2024** , we had cash and cash equivalents of **approximately** $ ~~398~~ **94** . ~~9~~ **0** million. **We expect** ~~In May 2022, we adopted the Business Realignment Plan (the " Realignment Plan ") and thereafter adopted our long- term roadmap, each of which was designed~~ to **use our cash** ~~prioritize unit economics, reduce operating expenses~~ and **cash equivalents to finance** ~~maximize liquidity. Nevertheless,~~ our future capital requirements ~~will depend on many factors, including our revenues, our continued efforts to reduce operating expenses, costs associated with the ongoing integration of UACC~~ and ~~its development into a captive financing operation, investments in our reconditioning, logistics and customer experience operations,~~ UACC' s ~~ability to complete additional securitization transactions, and our~~ **four senior secured warehouse** ~~ability~~ **facility agreements (** ~~to free up restricted cash. We may be required to seek additional equity or debt financing in~~ the ~~future~~ **" Warehouse Credit Facilities ")** to fund our ~~operations or to fund our needs for capital expenditures, however, there can be no assurance that such financing~~ **finance** ~~will be~~ **receivables. Certain advance rates** available **to UACC** ~~in amounts or~~ on **borrowings from the Warehouse Credit Facilities** ~~terms acceptable to us, if at all. Failure to reduce our cash burn rate, free up restricted cash, generate sufficient revenues, reduce operating costs and / or raise additional capital through debt or equity financings, could~~ have **decreased as** a ~~material adverse effect on our ability to meet our short and long- term liquidity needs and achieve our intended long- term business objectives. See " We may require additional capital to pursue our business objectives and respond to business opportunities, challenges or~~

~~unforeseen circumstances. If such capital is not available to us, our business, financial condition and results~~ - **result** of **the increasing credit** ~~operations may be materially and adversely affected. " We have a history of~~ losses ~~and we may not achieve or maintain profitability~~ in **UACC' s portfolio** ~~the future. We have not been profitable since our inception in 2012 and had an~~ **and overall higher** ~~accumulated deficit of approximately $ 1, 600. 7 million as of December 31, 2022. We incurred net losses of $ 451. 9 million and $ 370. 9 million for the years ended December 31, 2022 and 2021, respectively. We may incur significant losses in the future for a number of reasons, including our inability to reduce costs and increase per unit profitability in accordance with our long- term roadmap, acquire and appropriately price vehicle inventory, provide the exceptional customer experience needed to attract customers, or identify and respond to emerging trends in the used car industry; a slowdown in demand for used vehicles and our related value- added products; weakness in the automotive retail industry generally; general economic conditions, including rising~~ interest rates **. Any future decreases** ~~and inflation; global pandemics and other public health emergencies; and increasing competition, as well as other risks described in this Annual Report~~ on **available advance rates** ~~Form 10- K, and we~~ may ~~encounter unforeseen expenses, difficulties, complications and delays in achieving profitability. While we~~ have ~~reduced fixed and variable operating expenses through the implementation of our Realignment Plan, we expect to continue incurring significant operating expenses as we invest in the UACC business and develop it into a captive finance operation, invest in our proprietary logistics operations, expand our reconditioning capacity, expand our internal sales force, continue certain advertising and marketing efforts to attract customers to our platform and build our brand, continue to invest in technology development and automating key portions of our sales operations and further regionalize our operating infrastructure in accordance with our long- term roadmap. In addition, we anticipate~~ an **adverse impact** ~~increase in legal and regulatory costs associated with our operational challenges, as well as continued legal, accounting, compliance and other expenses as a public company. As a result of these expenditures, we will have to generate and sustain revenue sufficient to offset our operating expenses and achieve and maintain profitability. In addition, if we reduce variable costs to respond to losses, this may limit our ability to grow our sales volume and revenues. Our ecommerce gross profit per unit increased by $ 339, or 15. 4 %, from the year ended December 31, 2021 to December 31, 2022. To reduce our losses, we will need to increase our gross profit per unit by lowering our costs per unit by, among other things, focusing~~ on our **liquidity** ~~regional operating model, increasing efficiencies in reconditioning and logistics, and reducing transaction and support expenses, which we may be unable to do. Accordingly, we may not achieve or maintain profitability and we may continue to incur significant losses in the future. We may not be able to generate sufficient revenue to generate positive cash flow on a sustained basis~~ . We cannot assure you that we will generate sufficient revenue to offset the cost of maintaining our **remaining** ~~platform and~~ operations ~~. In line~~ **, including significant accounting, legal, administrative and other costs associated** with **being a public company** ~~the reduced unit sales contemplated by our Realignment Plan~~ , **and to service** ~~our revenue has declined from $ 3, 184. 3 million for~~ the ~~year ended December 31,~~ **interest and repay the outstanding Convertible Senior Notes due** ~~2021~~ **2026 (** ~~to $ 1, 948. 9 million for~~ the ~~year ended December 31, 2022~~ **" Notes") when due** . Our revenue growth ~~also~~ may be adversely affected by our inability to ~~acquire~~ **grow** and **develop** ~~appropriately price vehicle inventory, provide~~ the **UACC** ~~exceptional customer experience needed to attract customers, or execute effective marketing campaigns to increase traffic to our platform; a slowdown in demand for used vehicles~~ and **CarStory businesses** ~~our related value- added products~~ ; weakness in the automotive retail industry generally; general economic conditions, including ~~rising~~ **high** interest rates and inflation; global pandemics and other public health emergencies; and increasing competition. **Our** ~~We expect our revenue to decline in the short term as we implement our long- term roadmap. You should not consider our~~ historical revenue growth ~~as~~ **is not** indicative of our future performance **, particularly given the wind- down of our ecommerce business** . If ~~our~~ **we are unable to grow and develop the UACC and CarStory businesses and generate sufficient** revenue ~~declines beyond what is contemplated~~ , our business, financial condition and results of operations will be materially and adversely affected. ~~Further~~ **Additionally** , ~~going forward~~ **our cash needs may increase in the future as** we **focus** ~~expect to continue making significant investments to further develop our business, and these investments may not result in increased revenue or growth~~ on **growing** ~~a timely basis or at all. For example, we expect to continue to expend substantial financial~~ and ~~other resources on~~ developing ~~our captive finance operation, expanding our internal sales force, continuing certain marketing and other~~ -- **the UACC** ~~efforts to acquire and retain customers and build our brand~~ -- **and** ~~, improving~~ **CarStory businesses. In addition to** our ~~customer experience~~ **ongoing cash requirements, our liquidity will also be used to fund costs related to the wind- down of our ecommerce** operations, **primarily severance** ~~developing our technology~~ and **early contract** ~~data science capabilities, adding new features~~ and **lease termination payments** ~~functionality to our website and mobile applications and expanding of our proprietary reconditioning and logistics operations~~ . **Such payments** ~~These investments may not result in increased revenue or growth in our business. If we cannot successfully earn revenue at a rate that exceeds the costs associated with our business, we will not be able to generate positive cash flow on a sustained basis and our revenue may decline beyond what is contemplated by our long- term roadmap. Additionally, we base our expenses and investment plans on our estimates of revenue and gross profit. If our assumptions prove to be wrong, we may spend more than we anticipate or may generate less revenue than anticipated. If we fail to realize the anticipated benefits of our investments, our business, financial condition and results of operations~~ could be **significant and have a** ~~materially~~ -- **material effect on our cash flows from operations. Our future capital requirements will depend on many factors, including our available advance rates on the Warehouse Credit Facilities, our ability to complete additional securitization transactions on terms favorable to us,** and ~~adversely affected~~ **our future credit losses** . We ~~recognized~~ **have no significant debt maturities due until July 2026 and the payments on our securitization debt are funded by cashflows on the finance receivables within the securitization trusts. However, there can be no assurance that our liquidity will be sufficient to achieve the objectives of our Value Maximization Plan. We have a history of losses and we may not achieve or maintain profitability in the future. We have not been profitable since our inception in 2012 and had** an **accumulated deficit of approximately $ 1** ~~impairment charge related to goodwill. If our amortizable intangible assets or long lived assets become impaired in the future~~ ,

966 ~~we would incur additional impairment charges, which would negatively affect our operating results~~ . **2 million** ~~Our goodwill was fully impaired~~ as of December 31, **2023. We incurred net losses of $ 365. 5 million and $ 451. 9 million for the years ended December 31, 2023 and** 2022 ~~. However~~ , ~~if our amortizable intangible assets~~ **respectively. While the majority of** ~~or~~ **our historic losses related to** ~~long-lived assets become impaired in the future, we would incur additional impairment charges, which would negatively affect~~ our **ecommerce business, UACC had** ~~results of operations. There is significant judgment required in the analysis of~~ a **loss before provision** ~~potential impairment of identified intangible assets and other long-lived assets. Impairment may result from, among other things, significant changes in the manner of use of the acquired assets, negative industry or~~ **for income taxes** ~~economic trends and / or significant underperformance relative to historic or projected operating results. As~~ of **approximately** ~~March 31, 2022, a quantitative interim goodwill impairment assessment was performed over the Company' s reporting units, due to the decline in the Company' s and comparable companies' stock prices. The Company determined that the estimated fair value of the Ecommerce, Wholesale, and TDA reporting units was less than their carrying amounts. The Company recorded a goodwill impairment charge of~~ $ ~~201~~ **41** . ~~7~~ **2** million ~~in the consolidated statements of operations~~ for the year ended December 31, ~~2022~~ **2023** . ~~See Note 8~~ **We may continue** to **incur significant losses in** the ~~Company'~~ **future for a number of reasons, including increased losses on UACC'** s ~~Consolidated Financial Statements~~ **portfolio, our inability to grow and maximize the value of the UACC and CarStory businesses; weakness in the automotive retail industry generally; general economic conditions, including high interest rates, inflation and unemployment; global pandemics and other public health emergencies; and increasing competition, as well as other risks described in this Annual Report on Form 10- K, and we may encounter unforeseen expenses, difficulties, complications and delays in achieving the goals of our Value Maximization Plan. While we have significantly reduced our operating expenses as part of our Value Maximization Plan, we expect to continue incurring operating expenses as we invest in the UACC and CarStory businesses, including investments in technology development for those businesses. In addition, we anticipate continued legal, accounting, administrative and other expenses as a public company. As a result of these expenditures, we will have to generate and sustain revenue sufficient to offset our operating expenses in order to achieve and maintain profitability** . Our level of indebtedness could have a material adverse effect on our ability to generate sufficient cash to fulfill our obligations under such indebtedness, to react to changes in our business and to incur additional indebtedness to fund future needs. As of December 31, ~~2022~~ **2023** , we had outstanding $ ~~277~~ **151** . ~~0~~ **2** million aggregate principal amount of borrowings under our 2022 Vehicle Floorplan Facility and $ ~~365~~ **290** . ~~8~~ **5** million aggregate principal amount of our ~~0. 75 % Convertible Senior~~ Notes ~~due~~ **. For the year ended December 31,** ~~2026~~ **2023 , our** ~~(the" Notes"). Our~~ interest expense was $ ~~26~~ **19** . ~~8~~ **5** million ~~for the year ended December 31, 2022,~~ related to the 2022 Vehicle Floorplan Facility **, and $ 4. 3 million related to the Notes** . In addition, as of December 31, ~~2022~~ **2023** , UACC had $ ~~79~~ **314** . ~~8~~ **1** million of securitization indebtedness as well as **its** ~~four senior secured warehouse facility agreements the ("~~ Warehouse Credit Facilities ~~")~~ with banking institutions, with an aggregate borrowing limit of $ ~~850~~ **825** . 0 million. As of December 31, ~~2022~~ **2023** , there was $ ~~229~~ **421** . ~~5~~ **3** million in outstanding borrowings related to the Warehouse Credit Facilities. In ~~2022~~ **2023** , we repurchased $ ~~254~~ **74** . ~~3~~ **2** million in aggregate principal amount of our Notes, net of deferred issuance costs of $ ~~4~~ **3** . ~~9~~ **7** million, in open market transactions for $ ~~90~~ **36** . ~~2~~ **5** million. Subject to market conditions and availability, we may continue to opportunistically repurchase Notes from time to time to reduce our outstanding indebtedness at a discount. However, **as we approach the July 2026 maturity date,** we may be unable to repay, restructure or refinance the remaining Notes **on commercially reasonable terms or at all** . If our cash flows and capital resources are insufficient to fund our debt service obligations **going forward** , we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. **If new debt is added to our current indebtedness level, the related risks that we face could intensify. Our remaining Notes will mature on July 1, 2026, and our ability to service the interest and repay the Notes when due will depend on our ability to generate sufficient cash.** Our ability to restructure or refinance our current or future debt **, including the Notes, or obtain additional debt financing** will depend on the condition of the capital markets and our financial condition at such time **, including the execution of our Value Maximization Plan and our ability to grow and enhance the profitability of the UACC and CarStory businesses** . Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations ~~. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives~~ . Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis or failure to comply with certain restrictions in our debt instruments would result in a default under our debt instruments. In the event of a default under any of our current or future debt instruments, the lenders could elect to declare all amounts outstanding under such debt instruments to be due and payable. **Our indebtedness** ~~Furthermore, our 2022 Vehicle Floorplan Facility restricts our ability to dispose of assets~~ and ~~/~~ **liabilities could limit the cash flow available** ~~or~~ **for** ~~use the proceeds from the disposition. We may not be able to consummate any such dispositions or~~ **our operations, expose us** to **risks** ~~obtain the proceeds~~ that ~~we~~ could **adversely** ~~realize from them and these proceeds may not be adequate to meet any debt service obligations then due. In addition, our indebtedness under our 2022 Vehicle Floorplan Facility bears interest at variable rates. Because we have variable rate debt, fluctuations in interest rates may~~ affect our ~~cash flows or~~ business, financial condition and results of operations ~~. In light of the Federal Reserve' s recent increases to the federal funds rate~~ and ~~expectations~~ **impair our ability to satisfy our debt obligations. As** of ~~future rate increases~~ **December 31, 2023** , we ~~expect to pay higher interest~~ **, including our subsidiaries, had approximately $ 1, 199. 0 million principal amount of consolidated indebtedness. Of that amount, $ 151. 2 million aggregate principal amount of borrowings** under our ~~2022 Vehicle Floorplan Facility and incur higher interest expense in 2023 compared to 2022. The~~ 2022 Vehicle Floorplan Facility has **been paid in full** ~~higher interest rates than our prior facility~~ , and **$ 314** ~~any future funding arrangements may be at higher interest rates or subject to other less favorable terms~~ . **1 million** ~~We may attempt to minimize interest rate risk and lower our overall borrowing costs through the utilization~~ of **securitization**

~~derivative financial instruments, primarily interest rate swaps. Our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations and impair our ability to satisfy our~~ debt **is funded by cashflows on receivables within the securitization trusts** ~~obligations. As of December 31, 2022, we, including our subsidiaries, had approximately $ 955. 9 million principal amount of consolidated indebtedness. We may incur additional indebtedness to meet future financing needs~~ . Our indebtedness could have significant negative consequences for our security holders and our business, results of operations and financial condition by, among other things: ▪ increasing our vulnerability to adverse economic and industry conditions; ▪ limiting our ability to obtain additional financing; ▪ requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes, including the successful execution of our **Value Maximization Plan** ~~long- term roadmap~~ ; ▪ limiting our flexibility to plan for, or react to, changes in our business; ~~▪ diluting the interests of our existing stockholders as a result of issuing shares of our common stock upon conversion of our Notes due 2026; and~~ ▪ placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital. Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, or to pay amounts due under our indebtedness, and our cash needs may increase in the future. In addition, our existing indebtedness contains, and any future indebtedness that we may incur may contain, financial and other restrictive covenants that may limit our ability to operate our business, raise capital or make payments under our other indebtedness. For example, **on December 21, 2023, we received written notice from Nasdaq notifying us that, for** the **prior 30 consecutive business days, the bid price for our common stock had closed below the $ 1. 00 minimum bid price requirement for continued inclusion on the Nasdaq Global Select Market. On February 13, 2024, after obtaining stockholder approval, we effected a 1- for-80 reverse stock split (the “ Reverse Stock Split ”), and our stock began trading on a post- split adjusted basis on February 14, 2024. On February 29, 2024, we were notified by Nasdaq Listing Qualifications that the closing bid price of our common stock had been at $ 1. 00 per share or greater for 11 consecutive business days, from February 14, 2024 to February 28, 2024. Accordingly, the Company has regained compliance with Nasdaq Listing Rule 5450 (a) (1) and this matter is now closed. However, if our common stock again closes below the $ 1. 00 per share minimum bid price required by Nasdaq for 30 consecutive business days, we again would receive another notice of non- compliance with Nasdaq’ s listing standards and would face the risk of delisting. There can be no assurance that our common stock will continue to close at or above the $ 1. 00 per share minimum bid price as required by Nasdaq, or that we will otherwise meet the requirements of Nasdaq for continued listing on Nasdaq Global Select Market. The** delisting of our common stock from the Nasdaq Global Select Market would constitute a fundamental change under the terms of our Indenture and make our Notes redeemable at par upon delisting. If we fail to comply with these covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that and our other indebtedness becoming immediately payable in full. We **recognized** ~~may require additional capital to pursue our business objectives and~~ - **an** ~~respond~~ **impairment charge related** to **goodwill and** ~~business opportunities, challenges or unforeseen circumstances, including to successfully execute on our~~ long- **lived assets** term roadmap, make certain marketing expenditures...... on our ability to obtain debt financing . If ~~we raise additional funds through further issuances of equity or~~ **our amortizable intangible assets** ~~convertible debt securities, our~~ - **or remaining** ~~existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, we may be forced to obtain financing on undesirable terms or our ability to continue to pursue our business objectives, including to successfully execute our~~ long- ~~term roadmap~~ **lived assets become impaired in the future** , ~~and to respond to business opportunities, challenges or unforeseen circumstances, could be significantly limited, and our business, financial condition and results of operations could be materially and adversely affected. We currently rely on an agreement with a single lender to finance our vehicle inventory purchases under our 2022 Vehicle Floorplan Facility. If our relationship with this lender were to terminate, and~~ we **would incur additional impairment charges** ~~fail to acquire alternative sources of funding to finance our vehicle inventory purchases, we may be unable to maintain sufficient inventory~~ , which would ~~adversely~~ **negatively** affect our **operating** ~~business, financial condition and~~ results **. Our goodwill was fully impaired as of December 31, 2022. We also recognized impairment charges of $ 48. 7 million related to long- lived assets during the year ended December 31, 2023. If our amortizable intangible assets or remaining long- lived assets become impaired in the future, we would incur additional impairment charges, which would negatively affect our results** of operations. ~~We rely on~~ **There is significant judgment required in the analysis of** a **potential impairment of identified intangible assets** ~~revolving credit agreement with a single lender to finance our vehicle inventory purchases under our 2022 Vehicle Floorplan Facility. Outstanding borrowings are due as financed vehicles are sold,~~ and ~~the 2022 Vehicle Floorplan Facility is secured by our vehicle inventory and certain~~ other **long- lived** assets. **Impairment** ~~If we are unable to maintain our 2022 Vehicle Floorplan Facility, which expires in March 2024, absent renewal, on favorable terms or at all, or if the agreement is terminated or expires and is not renewed with our existing third- party lender or we are unable to find a satisfactory replacement, our inventory supply~~ may ~~decline, resulting~~ --- **result from** ~~in fewer vehicles available for sale on our website. Moreover~~ , **among** ~~the 2022 Vehicle Floorplan Facility has higher interest rates than our prior facility, and any future new funding arrangements may be at higher interest rates or subject to~~ other **things** ~~less favorable terms. These financing risks~~ , **significant** ~~in addition to potential rising interest rates, inflation, and~~ changes in ~~market conditions~~ **the manner of use of the acquired assets** , ~~if realized, could negatively~~ -- **negative** ~~impact~~ **industry** ~~our~~ - **or economic trends** ~~business, financial condition~~ and **/ or significant underperformance relative to historic or projected operating** results ~~of operations~~ . See ~~“ Management~~ **Notes 7 and 12 to the Company** ’ s **Consolidated** ~~Discussion and Analysis of~~ Financial **Statements** ~~Condition and Results of Operations — Liquidity and Capital Resources — Vehicle Financing ”~~ . We may experience seasonal and other fluctuations in our quarterly results of operations, which may not fully reflect the underlying performance of our business. We expect our quarterly results of operations, including our ~~revenue~~ **yield** , ~~gross profit~~ **net spreads, risk- adjusted margins, credit losses** and cash flow to vary significantly in the future based in part on ~~, among other things,~~ vehicle- buying patterns. Vehicle sales historically have exhibited seasonality, with an increase in sales early in the year that reaches its highest point late in the first quarter and early in the second quarter, which then levels off through the rest of the year with the lowest level of sales in the fourth quarter. This seasonality historically corresponds with the timing of income tax refunds, which can provide a primary source of funds for customers' payments on used vehicle purchases. Used vehicle prices also exhibit seasonality, with used vehicles depreciating at a faster rate in the last two quarters of each year and a slower rate in the first two quarters of each year. **Consistent** ~~While 2021 and the first half of 2022 did not follow typical market depreciation trends,~~ with ~~continued appreciation in used vehicle pricing throughout that period, there was a shift in the third quarter of 2022 to above average depreciation as compared to pre- pandemic levels. While there remains continued uncertainty surrounding~~ market trends, **UACC generally experiences increased funding activity during** the **first quarter through tax** ~~current economic outlook forecasts a return to historical seasonal~~ -- **season. Delinquencies also** ~~trends~~ -- **tend** ~~in 2023~~ **to be lower during the first quarter through tax season and higher during the latter half of the year** . Other factors that may cause our quarterly results to fluctuate include, without limitation: • the ~~success~~ **progress** of ~~operational changes and initiatives that we have and are undertaking under in accordance with~~ our ~~Realignment~~ **Value Maximization** Plan ~~and our long- term roadmap~~ ; • our **liquidity and** ability to ~~attract new customers~~ **raise capital through equity or debt financings** ; • our ability to **complete securitization transactions on favorable terms** ~~continue to develop our captive finance operation~~ ; • our **future credit losses** ~~ability to maintain sufficient inventory of desirable vehicles~~ ; • **increases in vehicle prices** ~~our ability to generate sales of value- added products~~ ; • changes in the competitive dynamics of our industry; • the regulatory environment; • ~~expenses associated with unforeseen quality issues; •~~ macroeconomic conditions, including ~~the impact of the COVID- 19 pandemic and inflation; • increases in~~ interest rates **, inflation, unemployment** ~~; • seasonality of the automotive industry~~ and ~~third- party aggregation websites on which we rely~~ **underemployment rates, vehicle supply and demand and labor costs** ; • changes that impact disposable income, including changes that impact the timing or amount of income tax refunds; and • litigation or other claims against us and increased legal and regulatory expenses. In addition, a significant portion of our expenses are fixed and do not vary proportionately with fluctuations in revenues. As a result of these seasonal fluctuations, our results in any quarter may not be indicative of the results we may achieve in any subsequent quarter or for the full year, and period- to- period comparisons of our results of operations may not be meaningful. Risks Related to Our ~~Growth and Strategy Our prior rapid growth is not indicative of our short- term strategy under our long- term roadmap and, if and when we return to rapid growth, we may not be able to manage our growth effectively. Our revenue declined from $ 3, 184. 3 million for the year ended December 31, 2021 to $ 1, 948. 9 million for the year ended December 31, 2022. Under our Realignment Plan, we reduced the rate of unit sales to focus on profitability, by among other things, lowering our operating expenses and increasing our gross profit per unit. In addition, in accordance with our long- term roadmap, we are investing in further improving and automating key aspects of our sales operations~~ **Operations** ~~and addressing operational challenges that have arisen from our rapid growth from 2020 through the first quarter of 2022. There~~ -- **The geographic concentration** ~~can be no assurance that our strategy~~ of **UACC** ~~reducing the rate of unit sales and focusing on profitability will be successful. We expect that, in the future, we will pursue profitable growth. However, we may not be successful in pursing profitable growth if we do not, among other things: • increase our gross profit per unit and reduce our operating expenses; • increase the number of unique visitors to our website, the number of qualified visitors to our website (i. e. those who have the intent and ability to transact), and the number of customers transacting on or through our platform; • further enhance the quality of our vehicle offerings and value- added products, and introduce high quality new offerings and features on our platform; • continue to invest in and develop our captive financing capabilities; • acquire sufficient high- quality inventory at an attractive cost to meet the increasing demand for our vehicles; • further invest in and enhance the quality of our customer experience and logistics operations, including by transitioning to increasingly automated sales and customer experience operations and improving our customer delivery experience through our proprietary last mile hub and long haul operations; • expand our vehicle reconditioning capacity to satisfy increasing unit sales, including by opening additional proprietary VRCs; and • further develop the functionality of our website and mobile applications to facilitate fully digital transactions. In 2020 and 2021, our business grew rapidly as new customers purchased vehicles and value- added products from us. During periods of rapid growth we have encountered, and in the future may continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including difficulties in our ability to achieve market acceptance of our platform and attract customers, as well as increasing competition, operational challenges and significant expenses as we grow our business. As we continue to develop our business, and particularly in light of the workforce and operating expense reductions that we have undertaken and may undertake to reduce fixed and variable costs in accordance with our long- term roadmap, we may find it difficult to adapt to meet these challenges. We also expect that our business will evolve in ways that may be difficult to predict. For example, over time our investments that are intended to drive new customer traffic to our website may be less productive than expected, our investments in developing proprietary logistics and reconditioning operations and automating our sales operations may not successfully address our existing operational challenges and we may not successfully develop our captive financing capabilities. In the event of these or any other adverse developments, our continued success will depend on our ability to successfully adjust our strategy to meet changing market dynamics. If we are unable to do so, our business, financial condition and results of operations could be materially and adversely affected. Our prior rapid growth placed, and in the future may continue to place, significant demands on our management and our operational and financial resources. In addition to our significant growth in sales and revenues, we experienced significant growth in the number of customers on our platform as well as the amount of data that we analyze. Although we hired additional personnel, our operations did not keep pace with our top- line growth, which resulted in backlogs in our operations that adversely affected our customers' experience. In addition, our organizational structure~~

~~is becoming more complex as we refine our business focus, and we will need to continue to improve our operational, financial and management controls as well as our reporting systems and procedures. This will require significant capital expenditures and the allocation of valuable management resources to grow and adapt in these areas without undermining our corporate culture of teamwork or failing to meet our financial goals. In order to address the operational challenges created by our prior rapid growth, including delays in titling and registering vehicles purchased by our customers, we have undertaken various initiatives. These initiatives include increased digitization and electronic transmission of transaction documents and implementation of our digital title vault to ensure that titles are quality checked and vaulted prior to listing. While these initiatives are designed to improve our transaction processing, enhance our customer experience, and reduce our regulatory risk, they have resulted in, among other things, an increase in the number of days between our acquisition of vehicles and the final delivery of such vehicles to customers. If we cannot manage our growth effectively to maintain the quality and efficiency of our customers' experience and / or the quality of the vehicles we sell, our business, financial condition and results of operations could be materially and adversely affected. We have a limited operating history and are still building out our foundational systems. We commenced operations in 2012 and acquired TDA in 2015 and, as a result, have a limited operating history. Moreover, over the past several years, we brought in a new senior leadership team that has refocused our strategy, accelerated our growth and committed us to pursue a path to profitability. To execute this strategy, during prior periods of rapid growth we had to manage costs while making investments in enhancing our foundational systems as we scaled our business, including design and expansion of website functionality and features, mobile application development, advancement and deployment of sophisticated data science, lean manufacturing technology, logistics network management, and automation of our transaction processes, and work on all such foundational systems is ongoing. Fundamental to our path to long- term profitability and future growth is the further development of the functionality of our website and mobile applications to facilitate fully digital transactions and reduce the need for continued investments in staffing for the sales and sales support functions and our customer experience operations. These types of activities and investments subject us to various costs and risks, including significant capital expenditures, additional administration and operating expenses, potential disruption of our internal control structure, acquisition and retention of sufficiently skilled personnel, demands on management time, the introduction of errors or vulnerabilities and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our foundational systems. There can be no assurance that we will succeed in successfully developing our capabilities in each of these areas, or that a desirable return on investment will be achieved on the investments made in these areas. A failure to successfully execute on the development of our foundational systems would adversely affect our business, financial condition and results of operations. We are optimizing our proprietary logistics operations, including vehicle pick- ups and delivery from our last mile hubs and line haul transportation of vehicles between our last mile hubs, which will further expose us to increased risks related to ownership of infrastructure and the transportation of vehicles. In order to enhance the quality of our logistics operations and our customer experience, we have been developing our proprietary logistics operations, including expanding our owned vehicle fleet. Additionally, we are utilizing last mile hubs around the country, through which we coordinate directly with our customers to schedule deliveries in an effort to further strengthen our customer experience. Initially, we prioritized investment in our last mile hub delivery operations and subsequently invested in short- haul trucks to make regional deliveries from our last mile hubs, and line- haul vehicles for hub- to- hub shipments on high- volume routes. As part of our long- term roadmap, we intend to increase our proprietary last mile hub and line- haul fleet over time as we build out our regional operating model. These investments will require significant capital expenditures and operating expenses, increase our current risks and expose us to new risks. These risks include local and federal regulations, vehicular crashes, injury, insufficient internal capacity, taxes, license and registration fees, insurance premiums, self- insurance levels, difficulty in recruiting and retaining qualified drivers, maintaining the truck fleet, disruption of our technology systems, equipment supply, equipment quality, and increasing equipment and operational and overhead costs. Our failure to successfully manage the expansion of our logistics operations could cause delays and increase costs in our inbound and outbound shipping, which may adversely affect our operating results and financial condition. Our ability to expand value- added product offerings and introduce additional products and services may be limited, which could have a material adverse effect on our business, financial condition and results of operations. Currently, our third- party value- added products consist of finance and protection products, which includes third- party financing of customers' vehicle purchases, as well as other value- added products, such as vehicle service contracts, GAP protection and tire and wheel coverage. If we introduce new value- added products or expand existing offerings on our platform, such as music services and vehicle diagnostic and tracking services, we may incur losses or otherwise fail to enter these markets successfully. Our expansion into these markets may place us in competitive and regulatory environments with which we are unfamiliar and involve various risks, including the need to invest significant resources to familiarize ourselves with such frameworks and the possibility that returns on such investments may not be achieved for several years, if at all. In attempting to establish new offerings, we expect to incur significant expenses and face various other challenges, such as expanding our customer experience team, internal sales force and management personnel to cover these markets and complying with complicated regulations that apply to these markets. In addition, we may not successfully demonstrate the value of these value- added products to customers, and failure to do so would compromise our ability to successfully expand into these additional revenue streams. Any of these risks, if realized, could materially and adversely affect our business, financial condition and results of operations. We rely on third- party vendors for key components of our business, which exposes us to increased risks. In line with our hybrid business strategy, many components of our business, including our reconditioning facilities, our logistics operations, our customer financing and our customer experience teams primarily have been provided by third parties. In our reconditioning operations, we currently have one third- party service provider reconditioning the substantial majority of our inventory. We carefully select our third- party vendors, but we cannot control their actions. If our vendors terminate their relationships with us or fail to perform as we expect, our operations and reputation could suffer. One or more of these third- party vendors could choose not to do business with us, or could experience~~

~~financial distress, staffing shortages or liquidity challenges, file for bankruptcy protection, go out of business, undergo a change of control, or suffer disruptions in their business due to the COVID- 19 pandemic. For example, in the third quarter of 2022, one of our third- party sales support teams notified us of their intention not to renew their contract with us and significantly reduced its staff dedicated to the Company~~ ' s sales operations, which had an impact...... where UACC has a high concentration of borrowers **or dealerships** creates an exposure to local and regional downturns or severe weather or catastrophic occurrences that may materially and adversely affect our business, financial condition and results of operations. ~~We currently conduct~~ **Changes in demographics and population, local and regional downturns** ~~our~~ **or** ~~business through multiple VRCs, including our Vroom VRC located outside Houston, Texas, where we hold approximately 12 % of our inventory. In addition, our third- party reconditioning services are primarily conducted through a single provider, with facilities located in California, Florida, Arizona and other states. Any unforeseen events or circumstances that negatively affect these areas, including our facilities near Houston, which have experienced flooding and other damage in recent years as a result of~~ severe weather conditions ~~, including hurricanes, could materially and adversely affect our revenues and results of operations. Changes in demographics and population or severe weather conditions~~ and other catastrophic occurrences ~~in areas in which we operate or from which we obtain inventory may materially and adversely affect our results of operations. Such conditions may result in physical damage to our properties, loss of inventory and delays in the delivery of vehicles to our customers. In addition, any such events or circumstances~~ in any of the states where UACC has a high concentration of borrowers **or dealership partners** could result in payment delays and increased risk of losses and could materially and adversely affect our revenues **and results of operations. During the year ended December 31, 2023, 36. 9 % of UACC' s originations were located in UACC' s three largest states (measured by aggregate financed amount). While we believe that we have a diverse geographic presence, we expect that these three states will continue to generate significant amounts of our loans due to economic, demographic, regulatory, competitive and other conditions in these states. Adverse developments in these states could lead to reduced demand for automotive financing, and could materially adversely affect our financial condition** and results of operations. We depend on key personnel to operate our business, and if we are unable to retain, integrate and attract qualified personnel, our ability to develop and successfully grow our business could be harmed. We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to retain, develop, motivate and attract highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to retain and attract them. In particular, we are highly dependent on the services of our leadership team to the development of our business, future vision, and strategic direction ~~. In May 2022~~ , **including** ~~Thomas H. Shortt was appointed~~ as **we realign** our **business in accordance with the Value Maximization Plan. On February 29, 2024, James G. Vagim, III, UACC' s Co- President and** Chief Executive Officer, **and Ravi Gandhi** ~~succeeding Paul J. Hennessy. Additionally~~ , ~~Robert J~~ **UACC' s Co- President and Chief Financial Officer stepped down** . **The Company' s** ~~Mylod, Jr. was appointed as the Independent Executive Chair of the Board in order to support the leadership change in the~~ Chief Executive Officer ~~position~~ **, Tom Shortt succeeded Mr. Vagim as President and Chief Executive Officer, and the Company' s Vice President of Investor Relations and Financial Planning & Analysis, Jon Sandison, succeeded Mr. Gandhi as UACC' s Chief Financial Officer** . Our future performance will depend, in part, on the successful transition of ~~the~~ **these** ~~Chief Executive Officer position~~ **positions** ~~. If we do not successfully manage the transition, it could be viewed negatively by our customers, employees, investors, suppliers and other third- party partners, and could have an adverse impact on our business and results of operations~~ . We ~~also~~ heavily rely on the continued service and performance of our senior management team, which provides leadership, contributes to the core areas of our business and helps us to efficiently execute our business, including with respect to strategic initiatives such as our **Value Maximization Plan** ~~long- term roadmap~~ . If members of our senior management team, including our executive leadership, become ill, or if we are otherwise unable to retain them, we may not be able to manage our business effectively and, as a result, our business and operating results could be harmed. If the senior management team, including any new hires that we make, fails to work together effectively and to execute our plans and strategies on a timely basis then our business and future growth prospects could be harmed. In addition, we issue equity awards to certain of our employees as part **of** our hiring and retention efforts, and job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Our employees' ability to sell their shares in the public market at times and / or at prices desired may lead to a larger than normal turnover rate. **The market value of our common stock has declined significantly.** If the actual or perceived value of our common stock ~~declines~~ **does not recover, or if our common stock is delisted from the Nasdaq Global Select Market** , it may adversely affect our ability to hire or retain employees **. See " We may be unable to satisfy a continued listing rule from the Nasdaq "** . In addition, we may periodically change our equity compensation practices, which may include reducing the number of employees eligible for equity awards or reducing the size or value of equity awards granted per employee or undertaking other efforts that may prove **to be** an unsuccessful retention mechanism. If we are unable to attract, integrate, or retain the qualified and highly skilled personnel required to fulfill our current or future needs, our business and future growth prospects could be harmed. Furthermore, in light of the reduction in headcount as part of our **Value Maximization Plan** ~~initiatives to reduce fixed and variable costs in accordance with our long- term roadmap~~ , we may find it difficult to maintain valuable aspects of our culture, to prevent a negative effect on employee morale or attrition beyond our planned reduction in headcount, and to attract competent personnel who are willing to embrace our culture in the future. Our executive officers and other employees are at- will employees, which means they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. We may not be able to retain the services of any members of our senior management or other key employees **, particularly in light of the discontinuance of our ecommerce business and wind- down of our used vehicle dealership business** . If we do not succeed in retaining and motivating existing employees or attracting well- qualified employees in the future, our business, financial condition and results of operations could be materially and adversely affected. We are, and may in the future be, subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, financial condition and results of operations. We are subject to various litigation matters from time to time, the outcome of which could have a material adverse effect on our business, financial condition and results of operations. Claims arising out of actual or alleged violations of law could be asserted against us by individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including but not limited to consumer finance laws, consumer protection laws, intellectual property laws, privacy laws, labor and employment laws, securities laws and employee benefit laws. These actions could expose us to adverse publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. For example, a consolidated class action is pending in the U. S. District Court for the Southern District of New York asserting claims on behalf of a putative class of Company stockholders against us, certain of our officers, and certain of our directors, among others, alleging violations of the federal securities laws. We also are a party to certain stockholder derivative suits in which the Company is named as a nominal defendant in suits that various individual stockholders seek to bring on behalf of the Company against certain of our current and former directors and officers. These suits are pending in the U. S. District Court for the Southern District of New York and the U. S. District Court for the District of Delaware and are based on the same general course of conduct alleged in the consolidated securities class action. We believe these lawsuits are without merit and intend to vigorously contest these claims. In **January 2022, the Company received a non- public civil investigative demand from the Federal Trade Commission (" FTC "), seeking the production of information related to certain of the Company' s business practices and the Company responded to those information requests. On February 23, 2024, the FTC notified the Company that it has reason to believe that the Company violated Section 5 (a) of the Federal Trade Commission Act, 15 U. S. C. § 45 (a); the FTC' s Mail, Internet, or Telephone Order Merchandise Rule, 16 C. F. R. Part 435; the FTC' s Used Motor Vehicle Trade Regulation Rule, 16 C. F. R. Part 455; and the FTC' s Pre- Sale Availability Rule, 16 C. F. R. Part 702. The FTC advised the Company that it is authorized to negotiate a stipulated order and the Company intends to work cooperatively with the FTC towards a resolution. Because the matter is at an early stage and the outcome of any complex legal proceeding is inherently unpredictable and subject to significant uncertainties, the Company cannot determine at present whether any potential liability would have a material adverse effect on the Company' s financial condition, cash flows, or results of operations. In** addition, in April 2022, the Attorney General of Texas filed a lawsuit on behalf of the State of Texas in the District Court of Travis County, Texas against the Company, alleging violation of the Texas Deceptive Trade Practices − Consumer Protection Act **and Texas Business and Commerce Code § 17. 41 et seq. In December 2023, Vroom, Inc., Vroom Automotive, LLC and the Attorney General of the State of Texas reached a final agreement to resolve all claims in the petition, without any admission of wrongdoing by either Vroom entity. Under the agreement, the Company will pay a total of $ 2 million in civil penalties and $ 1 million in attorneys' fees, with the first half due in September 2024 and the remaining half due in September 2025, and abide permanently by an injunction of certain operational practices that were previously implemented. The agreement was approved by the District Court of Travis County on December 13, 2023** . See Part I, Item 3. " Legal Proceedings " for more information about these matters and the other legal proceedings to which we are subject. Risks Related to ~~Our Customer Experience We have entered into outsourcing arrangements with third parties related to our customer experience team, and difficulties experienced in and our transition away from these arrangements have and could continue to result in an interruption of our ability to sell our vehicles and value- added products. We have entered into several outsourcing arrangements with third parties related to our customer experience teams, including with respect to our customer inquiries, sales, purchases, financing, document support, customer service and other customer experience operations. While we have begun to automate and insource key portions of our sales operations as part of our long- term roadmap, in 2022 a majority of inquiries, sales, purchases and financings of our vehicles in our ecommerce business were conducted by phone through a single third- party customer experience center. This third party notified us of their intention not to renew their contract with us beyond the term ending on December 31, 2022 and significantly reduced its staff dedicated to the Company' s sales operations in the second half of 2022. While we have engaged an internal sales team, consistent with our strategy to insource our sales operations as part of our long- term roadmap, as well as an additional third- party team, the reduced staffing at this third- party customer experience center had an impact on our unit sales volume in the second half of 2022 as we began to transition away from using their services and is expected to have an impact on our unit sales volume in the first quarter of 2023. We have ceased using this third- party provider as of January 31, 2023 and have meaningfully increased the level of sales supported internally. If we cannot successfully transition to using our internal sales team and the additional third- party resource to conduct our sales operations, we may be limited in our ability to complete customer transactions, which would make it more difficult to sell vehicles and value- added products through our platform. The ability to successfully grow an effective internal sales team will be critical to our ability to achieve profitable growth. We also rely on other third parties to provide customer service, document support, titling and registration services and other important customer experience operations and face challenges in maintaining the quality of our customer experience. If any of these third parties are unable to perform to our standards or to provide the level of service required or expected by our customers, or we are unable to renegotiate our agreements with them on attractive terms or at all, or if we are unable to contract with alternative third- party providers, we may be forced to pursue alternatives to provide these services, which could result in delays, interruptions, additional expenses and loss of potential and existing customers and related revenues, any of which may harm our business, financial condition and results of operations. Our business, sales and results of operations are materially affected by our customer experience, our reputation and our brand. Our business model is primarily based on our ability to enable consumers to buy and sell used vehicles through our ecommerce platform in a seamless, transparent and hassle- free transaction. A decrease or even the perception of a decrease in the quality of~~

~~our customer experience or brand could impact results. If consumers fail to perceive us as a trusted brand with a strong reputation and high standards, or if an event occurs that damages our reputation, it could adversely affect customer demand and have a material adverse effect on our business, revenues and results of operations. Our high rate of historical growth made maintaining the quality of our customer experience more difficult, and we have encountered operational challenges in keeping up with our rapid growth from 2020 through the first quarter of 2022. Backlogs in our business developed as there was more sales volume than we had the capacity to manage, resulting in delays in processing transactions, including delays in titling and registering vehicles purchased by our customers, which have adversely affected our customer experience and have led to increased calls to our customer service teams, who have had difficulty keeping up with the increased call volume. If we cannot adequately address these challenges and deliver a positive customer experience through completion of the transaction, including if we cannot successfully transition to our new customer service model and automate and insource key portions of our sales operations in accordance with our long- term roadmap, our brand and our business will suffer. See" We have entered into outsourcing arrangements with third parties related to our customer experience team, and difficulties experienced in and our transition away from these arrangements have and could continue to result in an interruption of our ability to sell our vehicles and value- added products." Complaints or negative publicity about our business practices, marketing and advertising campaigns, vehicle quality, customer service, delivery experience, compliance with applicable laws and regulations, data privacy and security or other aspects of our business, including on consumer platforms such as the Better Business Bureau, consumer facing blogs and social media websites, could diminish consumer confidence in our platform and adversely affect our brand. The growing use of social media increases the speed with which information and opinions can be shared and thus the speed with which our reputation can be damaged. If we fail or are perceived to fail to deliver the desired customer experience, or fail to correct or mitigate misinformation or negative information about us, our platform, our vehicle inventory, our customer experience, our brand or any aspect of our business, including information spread through social media or traditional media channels, it could materially and adversely affect our business, financial condition and results of operations. Risks Related to~~ the UACC Business ~~We may be unable to successfully complete the integration of the UACC business into Vroom' s business and support UACC as a captive lending operation for Vroom. On February 1, 2022, we completed the UACC Acquisition. Vroom and UACC will need to continue to successfully integrate their operations and to support UACC' s operations as a captive lending operation for Vroom. The ongoing integration requires significant efforts from each company, additional investments in technology and operations to scale the combined operations and the development of full credit spectrum lending capabilities at UACC. The ongoing integration of UACC may also divert management' s time and resources from our core business, which could impair our relationships with our current employees, customers and strategic partners and disrupt our operations. The failure to successfully complete such integration would undermine our ability to realize the benefits we expect to receive from the transaction and successfully execute our long- term roadmap, and our business and financial condition may be harmed as a result. We may not realize the anticipated benefits of the UACC Acquisition or realization of those benefits could take longer than anticipated. We acquired UACC with the expectation that the transaction would result in benefits to our business over time, including the benefits of a captive finance arm that would enable us to increase ecommerce unit sales, expand our penetration into non- prime sales, accelerate total revenue growth, enhance aggregate gross profit and GPPU, and leverage our fixed cost base. We expect that the development of our captive financing capabilities through the UACC Acquisition will be a significant element of our path to profitability and help position us for long- term growth in accordance with our long- term roadmap. Achieving these benefits will require the successful integration, development and operation of the combined businesses and it is not certain that we will succeed in those efforts. If we fail to fully integrate, develop and operate the combined businesses, we may not realize the benefits we expect to receive from the transaction or realization of those benefits may take substantially longer than anticipated. In addition to these operational risks, ownership of a captive lender will subject us to increased legal and regulatory scrutiny of our lending operations, including credit bureau reporting, loan origination practices and debt collection practices. In addition, with regard to UACC' s financing, subject to market conditions we intend to maintain a hybrid funding approach through the use of off- balance sheet securitization transactions and forward flow arrangements. Achievement of off-balance sheet accounting treatment requires the Company to sell all of the rated notes and residual certificates in the securitization, subject to holding 5 % risk retention. Execution of securitization transactions, including achievement of off-balance sheet accounting treatment for those transactions, is subject to market conditions. Even if UACC is able to complete its securitizations, it may not be able to sell its subordinated securities and those securitizations may not qualify for off- balance sheet accounting treatment, resulting in retention of the underlying loans (or subordinated securities) on our consolidated balance sheet, which could have an adverse impact on our liquidity. For example, as a result of current market conditions, which led to unfavorable pricing, we retained the non- investment grade securities and residual interests in UACC' s January 2023 securitization, requiring that the transaction remain on balance sheet pending the sale of the additional retained interests. There can be no assurance that these additional retained interests will be sold and off- balance sheet treatment will be achieved in the future for this transaction.~~ UACC may be unable to sell automotive finance receivables and generate gains on sales of those finance receivables, which could harm our business, results of operations, and financial condition. UACC provides indirect financing by drawing on its Warehouse Credit Facilities to purchase ~~motor vehicle~~ retail installment sales contracts and pledging eligible finance receivables as collateral, then typically selling the receivables related to the ~~financing~~ **retail installment sales** ~~contract~~ **contracts** . **Certain** ~~Advance~~ **advance** rates available to UACC on borrowings from the Warehouse Credit Facilities ~~may~~ **have** ~~decrease~~ **decreased** as a result of the increasing credit losses in UACC' s portfolio and overall rising interest rates ~~, which~~ **. Any future decreases on available advance rates** may ~~in turn~~ have an adverse impact on our liquidity. In addition, UACC has entered into ~~various~~ arrangements to sell automotive finance receivables that it purchases, ~~including~~ through securitizations, and we expect UACC to enter into additional securitizations ~~, loan sales to financing partners and other new arrangements~~ in the future, subject to market conditions. If UACC is not able to sell receivables under these current or future arrangements for a variety of reasons, including increased credit losses or because it has reached its capacity under the arrangements, its financing partners exercise termination rights before it reaches capacity, general economic or credit market conditions, market disruption or it reaches the scheduled expiration date of the commitment, and it is not able to enter into new arrangements on similar terms, it may not have adequate liquidity and our business, financial condition and results of operations may be adversely affected. For example, as a result of ~~current~~ market conditions **at the time** , which led to unfavorable pricing, we retained the non- investment grade securities and residual interests in UACC' s ~~January~~ 2023 **- 1** securitization, requiring that the transaction remain on balance sheet pending the sale of the additional retained **interests. Although we subsequently sold the non- investment grade securities, we continue to hold the residual** interests. There can be no assurance that these **residual** ~~additional retained~~ interests will be sold and off- balance sheet treatment will be achieved in the future for this transaction. Furthermore, if **we are unable to sell** ~~its financing partners do not purchase these~~ -- **the** ~~receivables~~ **residual interests** , we could be subject to ~~the~~ **credit** risk ~~that some of these receivables are not paid when due~~ and be forced to incur unexpected asset write- offs and bad- debt expense **. In addition, as a result of high interest rates, the current inflationary environment and vehicle depreciation in the used automotive industry, UACC has been experiencing higher loss severity. Due to the increased loss severity, UACC elected to waive monthly servicing fees related to the 2022- 2 securitization transaction in the first quarter of 2023. The waiver of monthly servicing fees related to the 2022- 2 securitization transaction resulted in consolidation of the related finance receivables and securitization debt on our financial statements. Waiver of monthly servicing fees also results in reduced servicing income. Any future waivers of monthly servicing fees on other prior off- balance sheet securitization transactions could result in consolidation of such transactions. Such future consolidations could increase our indebtedness and may have a material adverse effect on our results of operations, financial condition and liquidity** . UACC' s securitizations may expose it to financing and other risks, and there can be no assurance that it will be able to access the securitization market in the future, which may require it to seek more costly financing. UACC has securitized, and we expect will in the future securitize, certain of its automotive finance receivables to generate cash. In such transactions, it conveys a pool of automotive finance receivables to a special purpose vehicle, typically a trust that, in turn, issues certain securities. The securities issued by the special purpose vehicle are collateralized by the pool of automotive finance receivables. In exchange for the transfer of finance receivables to the special purpose vehicle, UACC ~~typically~~ receives the cash proceeds from the sale of the securities. There can be no assurance that UACC will be able to complete additional securitizations in the future, particularly if the securitization markets become ~~increasingly~~ constrained. In addition, the value of any securities that UACC may retain in its securitizations, including securities retained to comply with applicable risk retention rules, might be reduced or, in some cases, eliminated as a result of an adverse change in economic conditions ~~or~~ **,** the financial markets **or credit performance. For example, on March 1, 2024, 2023, UACC' s BB- rated securities from the 2022- 2 securitization transaction were downgraded by one ratings agency to a CCC rating. UACC' s other rated securities may also be downgraded or put on negative credit watch** . Furthermore, although our intent is to sell ~~loans~~ **receivables** originated by UACC using off- balance sheet securitization transactions, even if UACC is able to complete its securitizations, those securitizations may not qualify for sales accounting if market conditions do not allow for the sale of **lower- rated securities or** residual certificates. ~~For example~~ **In addition** , as a result of ~~current market conditions, which led to unfavorable pricing, we retained the non- investment grade securities and residual interests in UACC' s January 2023 securitization, requiring that the transaction remain on balance sheet pending the sale of the additional retained interests. There can be no assurance that these additional retained interests will be sold and off- balance sheet treatment will be achieved in the future for this transaction. If it is not possible or economical for UACC to securitize its automotive finance receivables in the future, it would need to seek alternative financing to support its operations and to meet its existing debt obligations, which may be less efficient and more expensive than raising capital via securitizations and may have a material adverse effect on our results of operations, financial condition, and liquidity. UACC is currently experiencing increasing credit losses in interests it holds in automotive finance receivables and its credit scoring systems may not effectively forecast its automotive receivables loss rates. Higher than anticipated credit losses or prepayments or the inability to effectively forecast loss rates may negatively impact its operating results. Until UACC sells automotive finance receivables, and to the extent it retains interests in automotive finance receivables after it sells them, whether pursuant to securitization transactions or otherwise, UACC is exposed to the risk that applicable customers will be unable or unwilling to repay their loans according to their terms and that the vehicle collateral securing the payment of their loans may not be sufficient to ensure full repayment. Additionally,~~ higher energy prices (including the price of...... underwrites. As a result of increasing interest rates, the current inflationary environment and vehicle depreciation in the used automotive industry, UACC is experiencing higher **portfolio** ~~loss~~ **losses** ~~severity in a soft securitization market~~ . **The** ~~As a result, UACC may not be able to sell the subordinate notes or residual certificates issued in the securitizations at a favorable price or at all. In addition, the~~ increased ~~loss~~ **losses** ~~severity~~ could lead to reduced servicing income if UACC elects to waive monthly servicing fees going forward as it did in ~~January~~ **the first quarter of 2023 on the 2022- 2 securitization transaction** . The waiver of **monthly** servicing fees on ~~prior off~~ **the 2022** - **2** ~~balance sheet securitizations~~ - **securitization** ~~could~~ **transaction** ~~result~~ **resulted** in consolidation of the related finance receivables and securitization debt on Vroom' s financial statements. **energy prices** (including the price of gasoline) and other consumer prices,unstable real estate values,reset of adjustable- rate mortgages to higher interest rates,geopolitical tensions (including outbreaks of military hostilities such as the ongoing ~~geopolitical~~ **military** ~~conflicts~~ - **conflict between Ukraine** and **Russia** ~~war in Europe and the Middle East~~),interest rate increases ~~,regional bank failures~~ ,inflation and other factors can affect consumer confidence and disposable income.While credit losses are inherent in the automotive finance receivables ~~market~~ **business** ,these conditions can increase loss frequency ~~and severity~~ ,decrease consumer demand for motor vehicles and weaken collateral values on certain types of motor vehicles in any period of extended economic slowdown or recession and could have a material adverse effect on our results of operations ~~and financial condition~~ .Because UACC focuses predominately on ~~non~~ **sub** - prime borrowers,the actual rates of delinquencies,defaults,repossessions and losses on its receivables are higher ~~and more volatile~~ than those experienced in the general motor vehicle finance industry and may be ~~adversely~~ affected to a greater extent during an economic downturn.In addition, **the success of** ~~caps on interest rates by individual states may limit~~ UACC' s **business is highly dependent on the** ability to ~~offset~~ **securitize and sell the automotive finance receivables that it underwrites.As a result of increasing** UACC makes various assumptions and judgments about the automotive finance receivables it originates **or purchases** and may establish a valuation allowance and value beneficial ownership interests based on a number of factors. Although management may establish a valuation allowance and value beneficial ownership interests based on analysis it believes is appropriate, this may not be adequate, particularly in periods of increased industry- wide vehicle depreciation rates, which we are currently experiencing. For example, if economic conditions were to deteriorate unexpectedly, additional ~~loan~~ **credit** losses not incorporated in the existing valuation may occur. Several variables have ~~historically~~ affected UACC' s recent loss and delinquency rates, including general economic conditions and market interest rates, and such variables are likely to differ in the future. In particular, given the impact the COVID- 19 pandemic had on the economy and individuals **, including the associated stimulus programs** , historical loss and delinquency expectations may not accurately predict the performance of UACC' s receivables and impact its ability to effectively forecast loss rates. Losses in excess of expectations could have a material adverse effect on our ~~business,~~ results of operations ~~,~~ and financial condition. Further, the rate of prepayments cannot be predicted and may be influenced by a variety of factors, including changes in the economic and social conditions of our borrowers. UACC relies on its internally developed credit scoring systems to forecast loss rates of the automotive finance receivables it originates **or purchases** . If it relies on systems that fail to effectively forecast loss rates on receivables it originates **or purchases** , those receivables may suffer higher losses than expected. UACC' s credit scoring systems were developed prior to the onset of the COVID- 19 pandemic and, accordingly, were not designed to take into account the effect of the economic, financial and social disruptions resulting from the pandemic **, including the associated stimulus programs. Additionally, as noted above, we believe that the impact of the pandemic on the economy and individuals led to loss and delinquency expectations that may not accurately predict the performance of UACC' s receivables** . UACC generally seeks to sell these receivables through securitization transactions ~~and expects to enter into loan sales to financing partners and other new arrangements in the future~~ . If the receivables it sells experience higher loss rates than forecasted, it may **be unable to sell those receivables or may** obtain less favorable pricing on the receivables it sells ~~to those parties~~ in the future and suffer reputational harm in the marketplace for the receivables it sells and its ~~business,~~ results of operations ~~,~~ and financial condition may be adversely affected. If UACC holds receivables that it originates on its balance sheet until it sells them in securitization transactions or, in the future, through loan sales to its financing partners or other arrangements, ~~and~~ **then** to the extent those receivables fail to perform during its holding period, they may become ineligible for sale. **If UACC' s dealers do not submit a sufficient number of suitable automobile contracts to UACC for purchase, its results of operations may be impaired.** UACC is ~~currently experiencing increasing credit losses on~~ **dependent upon establishing and maintaining relationships with a large number of manufacturer- franchised and independent motor vehicle dealers to supply** ~~its~~ - **it** ~~finance receivables~~ **with automobile contracts. During the years ended December 31, 2020 through 2023, no single dealer accounted for 1 % or more of the automobile contracts UACC purchased, other than Vroom, through our former ecommerce business** , which **accounted for approximately 22 %** ~~has negatively impacted the fair value~~ of ~~our financial receivables and the losses recognized during 2022. Increasing credit losses may continue to negatively impact our business during 2023, especially due to the fact that UACC primarily operates in the sub- prime sector of the market. As UACC has become and will continue to be an increasingly significant part of our consolidated operations, our business, results of operations, and financial condition is increasingly vulnerable to adverse developments in~~ UACC' s **automobile contracts in 2023. The agreements UACC has with dealers to purchase automobile contracts do not require dealers to submit a minimum number of automobile contracts for purchase. The failure of dealers to submit automobile contracts that meet UACC' s underwriting criteria could result in reductions in its revenues or the cash flows available to it, and, therefore, could have an adverse effect on UACC' s and our results of operations. As of December 31, 2023, automobile contracts originated from Vroom customers or purchased from Vroom represented approximately 30 % of UACC' s total serviced loan portfolio. If UACC is unable to replace the volume of automobile contracts it previously received from Vroom' s ecommerce** business **, our business, financial condition, and results of operations could be materially adversely affected. If UACC loses servicing rights on its automobile contracts, our results of operations would be impaired. UACC is entitled to receive servicing fees only when it acts as servicer under the applicable sale and servicing agreements governing its Warehouse Credit Facilities and securitizations. Under such agreements, UACC may be terminated as servicer upon the occurrence of certain events, including: • its failure to observe and perform its duties and responsibilities and comply with other covenants; • certain bankruptcy events; and • the occurrence of certain events of default under the documents governing the facilities. The loss of servicing rights could materially and adversely affect our results of operations, financial condition and cash flows. Risk retention rules may limit UACC' s liquidity and increase UACC' s capital requirements. Securitizations of automobile receivables are subject to risk retention rules under Federal law, which generally require that sponsors of asset- backed securities (ABS), such as UACC, retain no less than five percent of the credit risk of the assets collateralizing the ABS issuance. The rules also set forth prohibitions on transferring or hedging the credit risk that the sponsor is required to retain. Because the rules place an upper limit on the degree to which UACC may use financial leverage, its securitization structures may require more capital, or may release less cash, than might be the case in the absence of such rules. UACC may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow its business. UACC uses debt financing to maintain and grow its business. It currently utilizes its Warehouse Credit Facilities and securitizations to fund its liquidity needs. We cannot guarantee that the Warehouse Credit Facilities will continue to be available beyond their current maturity dates, on acceptable terms, or at all, or that**

UACC will be able to obtain additional financing on acceptable terms or at all. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the losses incurred in UACC' s loan portfolio, UACC' s financial position, its results of operations, and the capacity for additional borrowing under its existing financing arrangements. If UACC' s various financing alternatives were to become limited or unavailable, it may be unable to maintain or grow loan volume at the level that we anticipate and our financial condition and results of operations could be materially adversely affected . Risks Related to Cybersecurity and Privacy An actual or perceived failure to maintain the security of personal information and other customer data that we collect, store, process, and use could harm our business, financial condition and results of operations. We **and certain of our third- party providers** collect, ~~store,~~ **maintain and** process ~~,~~ **data about current** and ~~use~~ **prospective customers, employees, business partners and others, including** ~~personal~~ **personally identifiable** information ~~and other customer data~~ , ~~and~~ **as well as proprietary information belonging to our business such as trade secrets (collectively," Confidential Information"). We** rely ~~in part~~ **on computer systems, hardware, software, technology infrastructure and online sites and networks for both internal and external operations that are critical to our business (collectively," IT Systems"). We own and manage some of these IT Systems but also rely** on third parties that are not directly under our control ~~, including our third- party customer experience teams,~~ to manage certain areas of these operations. For example, we rely on encryption, storage, and processing technology developed by third parties to securely transmit, operate on and store such information. **Successful cyberattacks that disrupt or result in unauthorized access to third party IT Systems can materially impact our operation and financial results.** Due to the volume and sensitivity of the personal information and data we and these third parties manage and expect to manage in the future, as well as the nature of our customer base, the security features of our information systems are critical. Any failure or perceived failure **by us or by third parties who access our IT Systems and / or Confidential Information** to maintain the security of personal and other data that is provided to us by customers, employees and vendors could harm our reputation and brand and expose us to a risk of loss or litigation and possible liability, any of which could adversely affect our business, financial condition, and results of operations. **While we employ a number of security measures designed to protect the security of our IT Systems and Confidential Information, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, and of third parties we rely on will be fully implemented, complied with our effective in protecting our IT Systems and Confidential Information.** Additionally, concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy- related matters, even if unfounded, could harm our business, financial condition and results of operations. We are subject to numerous federal, state and local laws ~~and~~ **,** regulations **and industry standards** regarding privacy, cybersecurity and the collection, use ~~and~~ **,** disclosure **and other processing** of personal information and other data. The scope and interpretation of these laws continue to evolve and may be inconsistent across jurisdictions. New laws also may be enacted. See" Failure to comply with federal, state and local laws and regulations relating to privacy, data protection and consumer protection, or the expansion of current or the enactment of new laws or regulations relating to privacy, data protection and consumer protection, as well as our actual or perceived failure to protect such information could harm our reputation and could adversely affect our business, financial condition and results of operations." Further, we are subject to contractual requirements and others' privacy policies that govern how we use and protect personal information and other data. These obligations may be interpreted and applied inconsistently and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with our privacy policies or obligations may result in governmental enforcement actions, litigation or negative publicity that could have an adverse effect on our business. If our third- party service providers violate applicable laws, contractual obligations or our policies, then such violations also may put consumer, employee and vendor information at risk and could, in turn, harm our reputation, business and operating results. If we or our third- party providers sustain cyber- attacks or other privacy or data security incidents that result in security breaches, we could suffer a loss of sales and increased costs, exposure to significant liability, reputational harm and other negative consequences. Threat actors are increasingly sophisticated and can operate large-scale complex automated attacks. Similar to most IT systems and companies, ~~there is~~ **we face** a consistent threat from cyber-attacks, viruses, malicious software, physical break- ins, theft, ransomware, phishing, social engineering, unintentional employee error or malfeasance, system availability, and other security breaches. Further, third- party hosts or service providers are also a source of security concerns as it relates to failures of their own security systems and infrastructure. Our technology infrastructure may be subject to increased risk of slowdown or interruption as a result of integration with third- party services, including cloud services, and / or failures by such third parties, which are beyond our control. The costs to eliminate or address evolving security threats and vulnerabilities before or after a cyber- incident could be significant. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service and loss of existing or potential suppliers or players **, any of which could lead to negative reputational impacts** . Although we have insurance coverage for losses associated with cyber- attacks, as with all insurance policies, there are coverage exclusions and limitations, and our coverage may not be sufficient to cover all possible claims, and we may still suffer losses that could have a material adverse effect on our business, including reputational damage. We also could be negatively impacted by existing and proposed U. S. laws and regulations, and government policies and practices related to cybersecurity, data privacy, and data localization. In the event that we or our service providers are unable to prevent, detect, and remediate the foregoing security threats and risks, our operations could be disrupted or we could incur financial, legal or reputational losses arising from misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in our information systems and networks, including personal information of our employees and our customers. There are numerous federal, state and local laws regarding privacy and the collection, processing, storing, sharing, disclosing, using and protecting of personal information and other data, the scope of which are changing, subject to differing interpretations, and which may be costly to comply with, inconsistent between jurisdictions or conflicting with other rules. We are also subject to specific contractual requirements contained in third-party agreements governing our use and protection of personal information and other data. We generally comply with industry standards and are subject to the terms of our privacy policies and the privacy- and security- related obligations to third parties. We strive to comply with applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection, to the extent possible. However, it is possible that these obligations may be interpreted and applied in new ways or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Additionally, new regulations could be enacted with which we are not familiar. Any failure or perceived failure by us to comply with our privacy policies, our privacy- related obligations to customers or other third parties, or our privacy- related legal obligations or any compromise of security that results in the unauthorized release or transfer of sensitive information, which may include personally identifiable information or other customer data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause customers, vendors and third- party business partners to lose trust in us, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, if vendors, developers or other third parties that we work with violate applicable laws or our policies, such violations may also put customers', vendors' or receivables- purchasers' information at risk and could in turn harm our business, financial condition and results of operations. We expect that industry standards, laws and regulations will continue to develop regarding privacy, data protection ~~and~~ **,** information security **and artificial intelligence** in many jurisdictions. Complying with these evolving obligations is costly. For instance, expanding definitions and interpretations of what constitutes " personal data " (or the equivalent) within the United States may increase our compliance costs and legal liability. Additionally, California has created a new data protection agency, and other states may do the same, specifically tasked to enforce California privacy laws, which would likely result in increased regulatory scrutiny in the areas of data protection and security. A significant data breach or any failure, or perceived failure, by us to comply with any federal, state or local privacy or consumer protection- related laws, regulations or other principles or orders to which we may be subject or other legal obligations relating to privacy or consumer protection could adversely affect our reputation, brand and business, and may result in claims, investigations, proceedings or actions against us by governmental entities or others or other penalties or liabilities or require us to change our operations and / or cease using certain data sets. Depending on the nature of the information compromised, we may also have obligations to notify users, law enforcement or payment companies about the incident and may need to provide some form of remedy, such as refunds, for the individuals affected by the incident. Risks Related to Our Industry and General Economic Conditions Our **businesses participate in highly competitive industries, and pressure from existing and new companies may adversely affect our business and results of operations. The automobile financing** business is ~~sensitive to changes in~~ **large and highly competitive. UACC competes with a number of national, regional and local finance companies, banks, credit unions, fintech companies, and captive finance companies. Many of** ~~the~~ **these** ~~prices of new~~ **companies are much larger** and ~~used vehicles. Any significant changes in retail prices~~ **have greater financial resources than UACC, including greater access to capital markets** for ~~new~~ **debt instruments or access to lower cost deposit bases. These funding sources may be unavailable to UACC. Many of these companies also have long- standing relationships with automobile dealers and may provide other financing to dealers, including floor plan financing** ~~or~~ **for** ~~used vehicles~~ **the dealers' purchases of automobiles from manufacturers and auctions, which we do not offer. There can be no assurance that we will be able to continue to compete successfully and, as a result, we may not be able to purchase automobile contracts from dealers at a price acceptable to us, which** could ~~have a material adverse effect on~~ **result in reductions in our revenues** ~~our~~ **or** ~~business~~ **the cash flows available to us. Additionally** , **if UACC is unsuccessful in maintaining and growing its dealer network, our results of operations, cash flows, and** financial condition **may be adversely affected. The automotive data** and **service business is large and very competitive. CarStory competes with a number of companies in the automotive industry, including valuation services, VIN data providers, website marketplaces, inventory aggregators, and retail e- commerce platforms. Some of these companies are significantly larger with well- established sales and marketing teams. We compete with other companies to attract customers to our marketplace and dealers to our digital solutions. If we are unable to grow CarStory' s marketplace and customer base, our** results of operations ~~. For example~~ , ~~if retail prices for used vehicles rise~~ **cash flows, and financial condition may be adversely affected. General business and economic conditions, and risks** ~~relative~~ -- **related** to **the larger automotive ecosystem** ~~retail prices for new vehicles~~ , ~~it~~ **including consumer demand,** could **reduce** ~~make buying a new vehicle more attractive to~~ our **sales and profitability** ~~customers than buying a used vehicle~~ , which could have a material adverse effect on our business, financial condition and results of operations ~~and could result in reduced vehicle sales and lower revenue. Additionally, manufacturer incentives, including financing, could contribute to narrowing the price gap between new and used vehicles. While there continues to be downward pressure on the supply of lower price point vehicles, overall demand for used vehicles has recently started to decline after heightened demand during the COVID- 19 pandemic. This volatility creates risks around our ability to appropriately price our vehicles and maintain our sales margins. There can be no assurance for how long these market conditions will continue. More recently, we have observed decreases in the prices for certain new vehicles, including recent announcements by electric vehicle OEMs of reductions in the prices of several of their electric vehicle models, which has an impact on the price of similar used vehicle models. While lower new vehicle prices generally reduce the price of used vehicles, and therefore, reduces our cost of acquiring new inventory, in 2022 lower prices impacted the value of our inventory. This dynamic has had, and may in the future have, a negative impact on gross profit. For example, while overall inventory reserve decreased from 2021 to 2022 as a result of lower inventory levels, the decrease was partially offset by higher reserves related to our aged inventory and a $ 3. 7 million additional reserve for recent electric vehicle OEM price decreases. Moreover, any significant changes in retail prices due to scarcity or competition for used vehicles could impact our ability to source desirable inventory for our customers and / or the prices we pay to secure inventory, which could have a material adverse effect on our results of operations and could result in fewer used- car sales and lower revenue or lower gross profit. Our business is dependent upon access to desirable vehicle~~

~~inventory. Obstacles to acquiring attractive inventory, whether because of supply, competition or other factors, may have a material adverse effect on our business, financial condition and results of operations. We acquire vehicles for sale from consumers, auctions, rental car companies, OEMs and dealers. There can be no assurance that the supply of desirable used vehicles will be sufficient to meet our needs. We purchased approximately 80 % and 69 % of our retail inventory sold from consumers in the years ended December 31, 2022 and 2021, respectively. If our brand is damaged, or consumers otherwise are unwilling to transact with us, we may not be able to source sufficient inventory, or may have to source inventory from lower margin channels. In addition, we purchase a significant amount of our inventory from certain third- party auction sources. If these third parties are unable to fulfill our inventory needs or if we are unable to source desirable used vehicles from alternative third- party providers, we may lack sufficient inventory and, as a result, may lose potential and existing customers and related revenues. Moreover, we sell consumer- sourced vehicles that do not meet our retail standards to auctions, which may result in lower revenues and also could lead to reductions in our available inventory. Additionally, we appraise thousands of consumer vehicles daily and evaluate potential purchases based on mechanical soundness, consumer desirability and relative value in relation to retail inventory or wholesale disposition. If we fail to adjust appraisal offers to stay in line with broader market trade- in offer trends or fail to recognize those trends, it could adversely affect our ability to acquire inventory. Our ability to source vehicles through our appraisal process also could be affected by competition, both from new and used vehicle dealers directly and through third- party websites driving appraisal traffic to those dealers. In addition, we remain dependent on third parties to sell us used vehicles, and there can be no assurance of an adequate supply of desirable vehicles on terms that are attractive to us. A reduction in the availability of or access to sources of inventory for any reason could have a material adverse effect on our business, financial condition and results of operations. Our business is dependent upon our ability to expeditiously list and sell inventory. Failure to expeditiously list and sell our inventory could have a material adverse effect on our business, financial condition and results of operations. We have undertaken various initiatives to address the operational challenges created by our prior rapid growth, including delays in titling and registering vehicles purchased by our customers. These initiatives include increased digitization and electronic transmission of transaction documents and implementation of our digital title vault to ensure that titles are quality checked and vaulted prior to listing. While these initiatives are designed to improve our transaction processing, enhance our customer experience, reduce our regulatory risk and increase efficiency in transaction processing, they have resulted in delays in listing our inventory for sale. Since vehicles depreciate rapidly, a failure to expeditiously list our inventory for sale could hurt our sales margins and gross profit per unit, and could materially and adversely affect our business, financial condition and results of operations. For example, a higher portion of our unit sales in the fourth quarter of 2022 was from aged inventory as we obtain titles for vehicles not previously listed for sale, which negatively impacted our sales margin. We expect this trend to continue through the first half of 2023 and to continue to negatively impact our sales margin. Sourcing of our used vehicle inventory is based in large part on projected demand. If actual sales are materially less than our forecasts, we would experience an over- supply of used vehicle inventory. An over- supply of used vehicle inventory will generally cause downward pressure on our vehicle sales prices and margins and decrease inventory sales velocity. Vehicles depreciate rapidly, so a failure to expeditiously sell our inventory or to efficiently recondition and deliver vehicles to customers could hurt our sales margins and gross profit per unit and could materially and adversely affect our business, financial condition and results of operations. The rate at which customers return vehicles increased in recent periods and there can be no assurance that return rates will remain similar to our historical levels. Vehicles returned continue to depreciate in value and if return rates continue to increase, our revenue, business, financial condition and results of operations could be materially and adversely affected. Used vehicle inventory has typically represented a significant portion of our total assets. Having such a large portion of our total assets in the form of used vehicle inventory for an extended period of time subjects us to write- downs and other risks that affect our results of operations. Accordingly, if we have excess inventory, if we are unable to ship and deliver vehicles efficiently or if our inventory sales velocity decreases, we may be unable to liquidate such inventory at prices that would allow us to meet unit economies targets or to recover our costs, which could have a material adverse effect on our business, financial condition and results of operations. We participate in a highly competitive industry, and pressure from existing and new companies may adversely affect our business and results of operations. Our current and future competitors may include: • dealerships, including traditional new and used car dealerships, large, national car dealers, such as CarMax and AutoNation, which have expanded into online sales, including " omni- channel " offerings, and used car dealers or marketplaces that have ecommerce business models or online platforms, such as Carvana, Shift or CarBravo; • automotive finance companies with online ecommerce businesses, such as Chase Auto Preferred and CapitalOne Auto Navigator; • the peer- to- peer market, utilizing sites such as Facebook, Craigslist. com, eBay Motors and Nextdoor. com and consignment websites such as CarLotz; and • sales by rental car companies directly to consumers of used vehicles which were previously utilized in rental fleets, such as Enterprise Car Sales. Internet and online automotive sites, such as Google, Amazon, AutoTrader. com, Edmunds. com, KBB. com, Autobytel. com, TrueCar. com, CarGurus and Cars. com, could change their models to sell used vehicles and compete with us. In addition, automobile manufacturers such as Ford and Volkswagen could change their sales models in a fashion similar to General Motors (with their platform CarBravo, a used- vehicle marketplace for General Motors- branded vehicles aimed at competing with online dealerships) or otherwise to better compete with our model through technology and infrastructure investments. While such enterprises may change their business models and endeavor to compete with us, the sale of used vehicles through ecommerce presents unique operational and technical challenges. Our competitors also compete in the online market through companies that provide listings, information, lead generation and car buying services designed to reach customers and enable dealers to reach these customers and providers of offline, membership- based car buying services such as the Costco Auto Program. We also expect that new competitors will continue to enter the traditional and ecommerce automotive retail industry with competing brands, business models and products and services, which could have an adverse effect on our revenue, business and financial results. For example, traditional car dealers could transition their selling efforts to the internet, allowing them to~~

~~sell vehicles across state lines and compete directly with our online offering and no- negotiating pricing model. Our current and potential competitors may have significantly greater financial, technical, marketing and other resources than we have, and the ability to devote greater resources to the development, promotion and support of their businesses, platforms, and related products and services. Additionally, they may have more extensive automotive industry relationships, longer operating histories and greater name recognition than we have. As a result, these competitors may be able to respond more quickly to consumer needs with new technologies and to undertake more extensive marketing or promotional campaigns. If we are unable to compete with these companies, the demand for our used vehicles and value- added products could substantially decline. In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our business, financial condition and results of operations. Furthermore, if our competitors develop business models, products or services with similar or superior functionality to our platform, it may adversely affect our business. Additionally, our competitors could use their political influence and increase lobbying efforts to encourage new regulations or interpretations of existing regulations that would prevent us from operating in certain markets. Changes in the auto industry may threaten our business model if we are unable to adapt. The market for used vehicles may be impacted by the significant, and likely accelerating, changes to the broader automotive industry, which may render our existing or future business model or our ability to sell vehicles, products and services less competitive, unmarketable or obsolete. For example, technology is currently being developed to produce automated, driverless vehicles that could reduce the demand for, or replace, traditional vehicles, including the used vehicles that we acquire and sell, and change the dynamics of car ownership in the future. Additionally, technological advances are facilitating the development of electric, battery powered and hybrid gas / electric vehicles. While most major vehicle manufacturers have announced plans to electrify some or all of their new vehicle offerings, the eventual timing of widespread availability of electric, battery powered and hybrid gas / electric vehicles and driverless vehicles is uncertain due to regulatory requirements, additional technological requirements, and uncertain consumer acceptance of these vehicles. The effect of autonomous, electric and hybrid vehicles on the automotive retail business is uncertain and could include changes in the level of new or used vehicle sales, the price of new or used vehicles and the levels of service required for such vehicles. Also the increase in remote work and virtual workplaces, particularly since the start of the COVID- 19 pandemic, has reduced commuting by our existing and potential customers and could lead to reductions in demand for vehicles. Additionally, ride- hailing and ride- sharing services are becoming increasingly popular as a means of transportation and may decrease consumer demand for the used vehicles we sell, particularly as urbanization increases. Urban congestion and congestion pricing, or state and local laws that have been or may be passed encouraging carpooling and use of mass transit systems, may also negatively impact demand for vehicles and pricing that a customer would be willing to pay for a used vehicle. If we are unable to anticipate and respond to trends in the consumer marketplace and the industry, we could experience a material and adverse impact on our business, financial condition and results of operations. In addition to the state and local laws that have been passed in recent years that encourage the use of carpooling and mass transit, local, state and federal environmental regulatory authorities may continue to pursue measures related to climate change and greenhouse gas emissions that may have the effect of discouraging or decreasing the number of cars being driven. Such laws or regulations could adversely impact the demand for our services and our business. If we are unable to or otherwise fail to successfully adapt to such industry changes or laws and regulations, our business, financial condition and results of operations could be materially and adversely affected. Prospective purchasers of vehicles may choose not to shop online, which would prevent us from growing our business. Our success will depend, in part, on our ability to attract additional customers who have historically purchased vehicles through traditional dealers. The online market for vehicles is significantly less developed than the online market for other goods and services such as books, music, travel and other consumer products. If this market does not gain widespread acceptance, our business may suffer. Furthermore, we may have to incur significantly higher and more sustained advertising and promotional expenditures or offer more incentives than we currently anticipate in order to attract additional consumers to our platform and convert them into purchasing customers. Specific factors that could prevent consumers from purchasing vehicles through our ecommerce platform include: • concerns about buying vehicles without face- to- face interaction with sales personnel and the ability to physically test- drive and examine vehicles; • preference for a more personal experience when purchasing vehicles; • insufficient level of desirable inventory; • pricing that does not meet consumer expectations; • delayed deliveries; • inconvenience with returning or exchanging vehicles purchased online; • delays in obtaining temporary tags or title and registration; • concerns about the security of online transactions and the privacy of personal information; and • usability, functionality and features of our platform. If the online market for vehicles does not continue to develop and grow, our business will not grow and our business, financial condition and results of operations could be materially and adversely affected. General business and economic conditions, and risks related to the larger automotive ecosystem, including consumer demand, could reduce our sales and profitability, which could have a material adverse effect on our business, financial condition and results of operations~~. Our business is affected by general business and economic conditions. The global economy often experiences periods of instability, and this volatility ~~may result in reduced demand for our vehicles and value- added products, reduced spending on vehicles, inability of customers to obtain credit to finance purchases of vehicles and decreased consumer confidence to make discretionary purchases. Consumer purchases of new and used vehicles generally decline during recessionary periods and other periods in which disposable income is adversely affected. In addition, such periods~~ may lead to high unemployment and a lack of available credit, which may in turn lead to increased delinquencies, defaults, repossessions and losses on motor vehicle contracts financed through UACC and could materially and adversely affect our business, financial condition and results of operations. Purchases of new and used vehicles are typically discretionary for consumers and have been, and may continue to be, affected by negative trends in the economy and other factors, including inflation and rising interest rates, the cost of energy and gasoline, the availability and cost of consumer credit, reductions in consumer confidence and fears of recession, stock market volatility, increased regulation and increased unemployment. The current inflationary environment has led to both overall price increases and pronounced price increases in certain sectors, including gasoline prices. Moreover, the Federal Reserve' s efforts to tame inflation have led to, and may continue to lead to, increased interest rates, which affects automotive finance rates, making vehicle financing more costly and less accessible to many consumers. Additionally, increased environmental regulation has made, and may in the future make, used vehicles more expensive and less desirable for consumers. ~~Changing trends in consumer tastes, negative business and economic conditions and market volatility may also make it difficult for us to accurately forecast vehicle demand trends, which could cause us to increase our inventory carrying costs and could materially and adversely affect our business, financial condition and results of operations. Our business is sensitive to conditions affecting automotive manufacturers, including manufacturer recalls. Adverse conditions affecting one or more automotive manufacturers could have a material adverse effect on our business, financial condition and results of operations and could impact our supply of used vehicles. In addition, manufacturer recalls are a common occurrence that have accelerated in frequency and scope in recent years. In the instance of an open recall, we may have to temporarily remove vehicles from inventory and may be unable to liquidate such inventory in a timely manner or at all. Because we do not have manufacturer authorization to complete recall- related repairs, some vehicles we sell may have unrepaired safety recalls. Such recalls, and our lack of authorization to make recall- related repairs or potential unavailability of parts needed to make such repairs, could (i) adversely affect used vehicle sales or valuations, (ii) cause us to temporarily remove vehicles from inventory, (iii) cause us to sell any affected vehicles at a loss, (iv) force us to incur increased costs and (v) expose us to litigation and adverse publicity related to the sale of recalled vehicles, which could have a material adverse effect on our business, financial condition and results of operations.~~ Risks Related to Laws and Regulations We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws and regulations. Failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operations. Our ~~business~~ **businesses** ~~is~~ **are** and will continue to be subject to extensive U. S. federal, state and local laws and regulations. The ~~advertising, sale, purchase,~~ financing ~~and transportation~~ of ~~used~~ **motor** vehicles ~~are~~ **is** regulated by every state in which we operate and by the U. S. federal government. ~~The~~ **Our prior ecommerce business, including the advertising and sale of used vehicles,** titling and registration of vehicles **,** and the sale of value- added products **,** also ~~are~~ **was** regulated by state laws, and such **state** laws can vary significantly from state to state ~~. Regulations governing the used vehicle industry generally do not contemplate our ecommerce business model~~. In addition, we are subject to regulations and laws specifically governing the internet and ecommerce and the collection, storage and use of personal information and other customer data. We are also subject to federal and state consumer protection laws, including prohibitions against unfair or deceptive acts or practices. The federal governmental agencies that regulate our business and have the authority to enforce such regulations and laws against us include agencies such as the U. S. Federal Trade Commission **(" FTC")** , the U. S. ~~Department of Transportation~~ **Consumer Financial Protection Bureau** (~~“ DOT ”~~ **" CFPB"**), the U. S. Occupational Health and Safety Administration, the U. S. Department of Justice and the U. S. Federal Communications Commission (" FCC"). Additionally, we are subject to regulation by ~~individual state dealer licensing authorities,~~ state consumer protection agencies and state financial regulatory agencies. ~~From time to time~~ **In our prior ecommerce business** , we have been subject to audits, requests for information, investigations and other inquiries from our regulators related to customer complaints. As we encountered operational challenges in keeping up with our rapid growth from 2020 through the first quarter of 2022, we experienced an increase in customer complaints, leading to an increase in such regulatory inquiries. We ~~endeavor~~ **endeavored** to promptly respond to any such inquiries and cooperate with our regulators. **However** ~~Failure to satisfy regulators in response to such inquiries could lead to revocation of licenses~~ , ~~financial~~ **we have incurred fines in certain states and in April 2022, the Attorney General of Texas filed a lawsuit on behalf of the State of Texas in the District Court of Travis County, Texas against the Company, alleging violation of the Texas Deceptive Trade Practices − Consumer Protection Act and Texas Business and Commerce Code § 17. 41 et seq. In December 2023, Vroom, Inc., Vroom Automotive, LLC and the Attorney General of the State of Texas reached a final agreement to resolve all claims in the petition, without any admission of wrongdoing by either Vroom entity. Under the agreement, the Company will pay a total of $ 2 million in civil** penalties and ~~restrictions~~ **$ 1 million in attorneys' fees, with the first half due in September 2024 and the remaining half due in September 2025, and abide permanently by an injunction of certain operational practices that were previously implemented. The agreement was approved by the District Court of Travis County** on **December 13, 2023. See Part II, Item 1 – “ Legal Proceedings. ” In addition, In January 2022, the Company received a non- public civil investigative demand from the Federal Trade Commission (“ FTC ”), seeking the production of information related to certain of the Company' s business practices and the Company responded to those information requests. On February 23, 2024, the FTC notified the Company that it has reason to believe that the Company violated Section 5 (a) of the Federal Trade Commission Act, 15 U. S. C. § 45 (a); the FTC' s Mail, Internet,** ~~our~~ - **or** ~~operations~~ **Telephone Order Merchandise Rule, 16 C** . ~~Such~~ **F. R. Part 435; the FTC’ s Used Motor Vehicle Trade Regulation Rule, 16 C. F. R. Part 455; and the FTC’ s Pre- Sale Availability Rule, 16 C. F. R. Part 702. The FTC advised the Company that it is authorized to negotiate a stipulated order and the Company intends to work cooperatively with the FTC towards a resolution. Because the matter is at** an **early stage and the** outcome **of any complex legal proceeding is inherently unpredictable and subject to significant uncertainties, the Company cannot determine at present whether any potential liability** ~~could~~ **would** have a material adverse effect on ~~our business,~~ **the Company’ s** financial condition ~~and~~ **, cash flows, or** results of operations. **In relation to** ~~We have incurred fines in certain states and on April 19, 2022, the State of Texas filed a lawsuit in the District Court~~ -- **our prior** ~~of Travis County, Texas, against the Company and one of its subsidiaries, alleging violations of the Texas Deceptive Trade Practices Consumer Protection Act. See Part II, Item 1 – “ Legal Proceedings. ” State dealer licensing authorities regulate the purchase and sale of used vehicles by dealers within their respective states. The applicability of these regulatory and legal compliance obligations to our~~ ecommerce business ~~is dependent on evolving~~

~~interpretations of these laws and regulations and how our operations are~~ , **we have been** ~~or are not, subject to them. We are currently~~ licensed as a dealer in the ~~States~~ **states** of Texas, Florida, Arizona, California ~~and~~ **,** Ohio and **Wisconsin** ~~currently all of our vehicle transactions are conducted under our Texas, Florida, Arizona and Ohio licenses~~ . We **also** ~~believe that our activities in other states are not subject to such states' vehicle dealer licensing laws; however, regulators in such states could seek to require us to maintain a used vehicle dealer license in order to engage in activities in that state. Most states regulate retail installment sales, including setting a maximum interest rate and caps on certain fees or amounts financed. In addition, certain states require that retail installment sellers file a notice or registration document or~~ have ~~a sales finance license or an installment sellers license in order to solicit or originate installment sales in that state. We have obtained~~ a motor vehicle sales finance license in Texas in connection with our Texas dealer license, a retail installment seller license in Florida in connection with our Florida dealer license, **a retail installment seller license in Pennsylvania,** and filed the required notice in Arizona in connection with our Arizona dealer license. ~~The financial regulatory agency in Pennsylvania determined that we need to obtain an installment seller license in order to enter into retail installment sales with residents of Pennsylvania.~~ As a result **of the wind-down of the ecommerce business and discontinuance of our used automotive dealer operations** , we are **terminating** ~~not currently offering third- party financing to our customers in Pennsylvania, who must obtain independent financing to the extent needed to fund any vehicle purchases on our platform. We have since obtained a Pennsylvania installment seller license and expect to resume offering financing to Pennsylvania customers in the future. We also are registered with the Indiana Department of Financial Regulation as a non- lender credit seller. Any failure to renew or maintain or any revocation of any of~~ the foregoing licenses **once all transactions** ~~would materially and adversely affect our business~~ , ~~financial condition~~ **including title** and ~~results~~ **registration transactions on behalf** of ~~operations. Many aspects of~~ our ~~business~~ **customers,** are **completed** ~~subject to regulatory regimes at the state and local level, and we may not have all licenses required to conduct business~~ in ~~every~~ **the relevant** jurisdiction ~~in which we operate. Despite our belief that we are not subject to certain licensing requirements of those state and local jurisdictions, regulators may seek to impose punitive fines for operating without a license or demand we seek a license in those state and local jurisdictions, any of which may inhibit our ability to do business in those state and local jurisdictions, increase our operating expenses and adversely affect our business, financial condition and results of operations. Our proprietary logistics operations are subject to regulation by the DOT and by the states through which our vehicles travel. Transport vehicle dimensions, transport vehicle conditions, driver motor vehicle record history, driver alcohol and drug testing, and driver hours of service are also subject to both federal and state regulation. More restrictive limitations on vehicle weight and size, condition, trailer length and configuration, methods of measurement, driver qualifications, or driver hours of service would increase our operating expenses and may adversely affect our financial condition, operating results, and cash flows. If we fail to comply with the DOT regulations or if those regulations become more stringent, we could be subject to increased inspections, audits, or compliance burdens. Regulatory authorities could take remedial action including imposing fines, suspending, or shutting down our transportation operations. If any of these events occur, our business, financial condition and results of operations would be adversely affected~~ . UACC' s financing operations are subject to U. S. federal, state, and local laws and regulations regarding ~~loan~~ **contract** origination, acquiring motor vehicle installment sales contracts from retail sellers, **furnishing data to** credit ~~bureau~~ reporting **agencies** , servicing, debt collection practices, and securitization transactions. Certain states require UACC to have a sales finance license, consumer credit license, or similar applicable license. UACC has obtained licenses in all states ~~as~~ **where licensing is** required. In addition, UACC is subject to enforcement by the CFPB and state consumer protection agencies, including state attorney general offices and state financial regulatory agencies. ~~As a result~~ **Any failure to renew or maintain or any revocation** of **any** ~~the acquisition~~ of UACC **' s licenses would materially and adversely affect our business** , **financial condition and results** ~~we may be considered a " related person " to UACC for the purposes~~ of **operations** ~~CFPB jurisdiction~~ . In addition to these laws and regulations that apply specifically to the sale and financing of used vehicles ~~and logistics~~ , our facilities and business operations are subject to laws and regulations relating to environmental protection, occupational health and safety, and other broadly applicable business regulations. We also are subject to laws and regulations involving taxes, tariffs, privacy and data security, anti- spam, pricing, content protection, electronic contracts and communications, mobile communications, consumer protection, information reporting requirements, unencumbered internet access to our platform, the design and operation of websites and internet neutrality. We are also subject to laws and regulations affecting public companies, including securities laws and Nasdaq listing rules. The violation of any of these laws or regulations could result in administrative, civil or criminal penalties or in a cease- and- desist order against our business operations, any of which could damage our reputation and have a material adverse effect on our business, financial condition and results of operations. We have incurred and will continue to incur capital and operating expenses and other costs to comply with these laws and regulations. ~~Additionally, we have in the past been subject to federal, state and local laws and regulations, and other government actions related to the COVID- 19 pandemic, and may be subject to them in the future, including in the event of any resurgences or the emergence of new variants.~~ The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to evolving interpretations and continuous change. The enactment of new laws and regulations or the interpretation of existing laws and regulations in an unfavorable way may affect the operation of our business, directly or indirectly, which could result in substantial regulatory compliance costs, civil or criminal penalties, including fines, adverse publicity, decreased revenues, and increased expenses. If we fail to comply with the Telephone Consumer Protection Act, we may face significant damages, which could harm our business, financial condition and results of operations. We ~~utilize~~ **utilized** telephone calls as a means of responding to and communicating with **our Vroom ecommerce** customers interested in purchasing, trading in and / or selling vehicles and value- added products. Potential customers ~~can~~ **could** submit their contact information, including phone number, via our website or third- party listing sites to express their interest in purchasing a vehicle, selling a vehicle, or obtaining financing terms. We ~~currently engage~~ **engaged** third- party customer experience centers to respond to certain of these inquiries and further communicate with potential customers concerning sales, purchases and financings of our vehicles through our platform. We **also** ~~send~~ **sent** text messages to customers concerning the status of their order ~~, and~~ **. As** we ~~intend to expand~~ **wind- down** our ~~use of texting~~ **ecommerce operations, we will continue to communicate with customers through telephone calls and text messages as needed. Our UACC business utilizes telephone calls and text messages** as a means of **responding to and** communicating with ~~our~~ customers **who finance their vehicle purchase from automobile dealers through UACC, including communications relating to collections. Our CarStory business collects consent to contact consumers by telephone calls or text messages via its vehicles listing sites and shares such consent with CarStory' s business partners** . The Telephone Consumer Protection Act (the " TCPA "), as interpreted and implemented by the FCC and U. S. courts, imposes significant restrictions on the use of autodialed telephone calls, pre- recorded messages, and text messages to residential and mobile telephone numbers as a means of communication when prior consent of the person being contacted has not been obtained. Violations of the TCPA may be enforced by the FCC or by individuals through litigation, including class actions. Statutory penalties for TCPA violations range from $ 500 to $ 1, 500 per violation, which has been interpreted to mean per phone call or text message. **In addition, several states have enacted their own versions of the TCPA.** While we have implemented processes and procedures to comply with the TCPA **and state equivalents** , if we or the third parties on which we rely fail to adhere to **such processes and procedures or fail** or successfully implement appropriate processes and procedures in response to existing or future regulations, it could result in legal and monetary liability, fines, penalties or damage to our reputation in the marketplace, any of which could have a material adverse effect on our business, financial condition and results of operations. Additionally, any changes to the TCPA, its interpretation, or enforcement of it by the government or private parties that further restrict the way we contact and communicate with our potential customers or generate leads could adversely affect our ability to attract customers and could harm our business, financial condition and results of operations. Government regulation of the internet ~~and ecommerce~~ is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business, financial condition and results of operations. We are subject to general business regulations and laws, as well as regulations and laws specifically governing the internet and ecommerce. Existing and future regulations and laws could impede the growth of the internet, ecommerce or mobile commerce. These regulations and laws may involve taxes, tariffs, privacy and data security, **artificial intelligence,** anti- spam, pricing, content protection, electronic contracts and communications, mobile communications, consumer protection, information reporting requirements ~~, unencumbered internet access to our platform~~ , the design and operation of websites and internet neutrality. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the internet as the vast majority of these laws were adopted prior to the advent of the internet and do not contemplate or address the unique issues raised by the internet or ecommerce. It is possible that general business regulations and laws, or those specifically governing the internet or ecommerce, may be interpreted and applied in a manner that is inconsistent from one market segment to another and may conflict with other rules or our practices. For example, federal, state and local regulation regarding privacy, data protection and information security has become more significant, and these evolving regulations may increase our costs of compliance. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. The enactment of new laws and regulations or the interpretation of existing laws and regulations in an unfavorable way may affect the operation of our business, directly or indirectly, which could result in substantial regulatory compliance costs, civil or criminal penalties, including fines, adverse publicity, decreased revenues and increased expenses. ~~We actively use anonymous online data for targeting ads online and if ad networks are compelled by regulatory bodies to limit use of this data, it could materially affect our ability to do effective performance marketing. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our sites by customers and suppliers and result in the imposition of monetary liability. We also may be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non- compliance with any such laws or regulations. Adverse legal or regulatory developments could substantially harm our business, our ability to attract new customers may be adversely affected, and we may not be able to maintain or grow our revenue and expand our business as anticipated.~~ Risks Related to Our Use of Data and Technology Our **CarStory** business **is** ~~and inventory are~~ dependent on our ability to ~~correctly appraise~~ **offer accurate** and ~~price~~ **competitive pricing for** vehicles ~~we buy and sell. When purchasing a vehicle from us, our customers sometimes trade in their current vehicle and apply the trade- in value towards their purchase~~ . We **provide suggested offer pricing to our** ~~also acquire vehicles from consumers independent of any purchase of a vehicle from us and purchase vehicles from auctions, rental car companies, OEMs and dealers~~ - **dealer partners as part of the CarStory platform** ~~. We appraise and price vehicles we buy and sell~~ using data science and proprietary algorithms based on a number of factors, including mechanical soundness, consumer desirability, vehicle history, market prices and relative value as prospective inventory. If we are unable to ~~correctly appraise~~ **provide accurate** and **competitive pricing** ~~price both the vehicles we buy and the vehicles we sell, we may be unable~~ to ~~acquire or~~ **our dealer partners** ~~sell inventory at attractive prices or to manage inventory effectively~~ , ~~and accordingly~~ our revenue, gross margins and results of operations would be affected, which could have ~~a material adverse effect on our business, financial condition and results of operations. We are subject to risks related to online payment methods. We accept payments for deposits on our vehicles through a variety of methods, including credit card and debit card. As we offer new payment options to customers, we may be subject to additional regulations, compliance requirements and fraud. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs. We are also subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. As our business changes,~~

~~we also may be subject to different rules under existing standards, which may require new assessments that involve costs above what we currently pay for compliance. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card and debit card payments from customers or facilitate other types of online payments. If any of these events were to occur, our business, financial condition and results of operations could be materially adversely affected. We occasionally receive orders placed with fraudulent credit card data, including stolen credit card numbers, or from clients who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payment obligations. We may suffer losses as a result of orders placed with fraudulent credit card data even if the associated financial institution approved payment of the orders. Under current credit card practices, we may be liable for fraudulent credit card transactions. If we are unable to detect or control credit card or other fraud, our liability for these transactions could harm our business, financial condition and results of operations. If we do not adequately address our customers' reliance on mobile device technology, our results of operations could be harmed and our growth could be negatively affected. Vroom. com is a mobile website that consumers can access and utilize from their mobile devices. In addition, we have designed and launched mobile apps (iOS and android) to enhance customers' mobile experience. In light of consumers' shift to mobile technology, our future success depends in part on our ability to provide enhanced functionality for customers who use mobile devices, including automation of key portions of our sales operations in accordance with our long- term roadmap, to shop for used vehicles and increase the number of transactions with us that are completed by those users. The shift to mobile technology by our users may harm our business in the following ways: • we may be unable to provide sufficient website functionality to mobile device users, which may cause customers using mobile devices to believe that our competitors offer superior products and features; • problems may arise in developing applications for alternative devices and platforms and the need to devote significant resources to the creation, support and maintenance of such applications; or • regulations related to consumer protection, such as the Federal Trade Commission Act and similar state regulations, and related to consumer finance disclosures, including the Truth in Lending Act and the Fair Credit Reporting Act, may be interpreted, in the context of mobile devices, in a manner which could expose us to legal liability in the event we are found to have violated applicable laws. If we do not develop suitable functionality for users who visit our website using a mobile device or use our mobile apps, our business, financial condition and results of operations could be harmed. We rely on internet search engines, vehicle listing sites and social networking sites to help drive traffic to our website, and if we fail to appear prominently in the search results or fail to drive traffic through paid advertising, our traffic would decline and our business, financial condition and results of operations could be materially and adversely affected. We depend in part on internet search engines, such as Google and Bing, vehicle listing sites and social networking sites such as Facebook and Instagram to drive traffic to our platform. Our ability to maintain and increase the number of visitors directed to our platform is not entirely within our control. Our competitors may increase their search engine marketing efforts and outbid us for placement on various vehicle listing sites or for search terms on various search engines, resulting in their websites receiving a higher search result page ranking than ours. Additionally, internet search engines could revise their methodologies in a way that would adversely affect our search result rankings. If internet search engines modify their search algorithms in ways that are detrimental to us, if vehicle listing sites refuse to display any or all of our inventory in certain geographic locations, or if our competitors' efforts are more successful than ours, overall growth in our customer base could slow or our customer base could decline. Internet search engine providers could provide automotive dealer and pricing information directly in search results, align with our competitors or choose to develop competing services. Our platform has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. We could reach a point of inventory saturation at third- party aggregation websites whereby we will exceed the maximum allowable inventory that will require us to spend greater than market rates to list our inventory. Any reduction in the number of users directed to our platform through internet search engines, vehicle listings sites or social networking sites could harm our business, financial condition and results of operations. Our business relies on email and other messaging services, and any restrictions on the sending of emails or messages or~~ an ~~inability to timely deliver such communications could materially and adversely affect our business, financial condition and results of operations. Our business is dependent upon email and other messaging services for promoting our platform and vehicles available for purchase. Promotions offered through email and other messages sent by us are an important part of our marketing strategy. We provide emails to customers and other visitors informing them of the convenience and value of using our platform, as well as updates on new inventory and price updates on listed inventory, and we believe these emails, coupled with our general marketing efforts, are an important part of our customer experience and help generate revenue. If we are unable to successfully deliver emails or other messages to our customers, or if customers decline to open our emails or other messages, our revenues could be materially and adversely affected. Any changes in how webmail applications organize and prioritize email may reduce the number of customers opening our emails. For example, Google' s Gmail service has a feature that organizes incoming emails into categories (such as primary, social and promotions). Such categorization or similar inbox organizational features may result in our emails being delivered in a less prominent location in a subscriber' s inbox or viewed as " spam " by our customers and may reduce the likelihood of that customer opening our emails. In addition, actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages could also adversely impact our business. From time to time, internet service providers or other third parties may block bulk email transmissions or otherwise experience technical difficulties that result in our inability to successfully deliver email or other messages to third parties. Changes in the laws or regulations that limit our ability to send such communications or impose additional requirements upon us in connection with sending such communications could also materially and adversely affect our business, financial condition and results of operations. Our use of email and other messaging services to send communications about our sites or other matters may also result in legal claims against us, which may cause us~~

~~to incur increased expenses, and if successful might result in fines and orders with costly reporting and compliance obligations or might limit or prohibit our ability to send emails or other messages. We also rely on social networking messaging services to send communications and to encourage customers to send communications. Changes to the terms of these social networking services to limit promotional communications, any restrictions that would limit our ability or our customers' ability to send communications through their services, disruptions or downtime experienced by these social networking services or decline in the use of or engagement with social networking services by customers and potential customers could materially and adversely affect our business, financial condition and results of operations. We rely on third- party technology and information systems to complete critical business functions. If that technology fails to adequately serve our needs, and we cannot find alternatives, it may negatively impact our business, financial condition and results of operations. We rely on third- party technology for certain of our critical business functions, including customer identity verification for financing, transportation fleet telemetry, network infrastructure for hosting our website and inventory data, software libraries, development environments and tools, services to calculate state taxes and fees associated with our vehicle sales and acquisitions, services to allow customers to digitally sign contracts and customer experience center management. Our business is dependent on the integrity, security and efficient operation of these systems and technologies. Our systems and operations or those of our third- party vendors and partners could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry, computer viruses, ransomware, denial- of- service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency, bankruptcy and similar events. The failure of these systems to perform as designed, the failure to maintain or update these systems as necessary, the vulnerability of these systems to ransomware, other security breaches or attacks or the inability to enhance our information technology capabilities, and our inability to find suitable alternatives could disrupt our operations and have a material~~ adverse effect on our business, financial condition and results of operations. Our platform utilizes open- source software, and any defects or security vulnerabilities in the open- source software could negatively affect our business. Our platform employs open- source software, and we expect to use open- source software in the future. To the extent that our platform depends upon the successful operation of open- source software, any undetected errors or defects in this open- source software could prevent the deployment or impair the functionality of our platform, delay the introduction of new solutions, result in a failure of our platform and injure our reputation. For example, undetected errors or defects in open-source software could render it vulnerable to breaches or security attacks, and, in conjunction, make our systems more vulnerable to data breaches. In addition, the terms of various open- source licenses have not been interpreted by United States courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our platform. Some open- source licenses might require us to make our source code available at no cost or require us to make our source code publicly available for modifications or derivative works if our source code is based upon, incorporates, or was created using the open- source software to license such source code under the terms of the particular open-source license. While we try to insulate our proprietary code from the effects of such open- source license provisions, we cannot guarantee we will be successful. In addition to risks related to open- source license requirements, usage of open- source software can lead to greater risks than use of third- party commercial software, as open- source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with usage of open- source software cannot be eliminated and could materially and adversely affect our business, financial condition and results of operations. A significant disruption in service on our platform could damage our reputation and result in a loss of customers, which could harm our brand or our business, financial condition and results of operations. Our brand, reputation and ability to attract customers depend on the reliable performance of our platform and the supporting systems, technology and infrastructure. We may experience significant interruptions to our systems in the future. Interruptions in these systems, whether due to system failures **or lack of upgrades** , programming or configuration errors, computer viruses or physical or electronic break- ins, could affect the availability of our inventory on our platform and prevent or inhibit the ability of customers to access our platform. **In addition, we expect that we will need to invest in and upgrade the UACC systems over time.** Problems with the reliability or security of our systems could harm our reputation, result in a loss of customers and result in additional costs. ~~Vroom~~ **UACC** operates a data center at a colocation facility in ~~Houston, Texas, which connects all of Vroom' s offices and our Vroom VRC. UACC operates separate data centers at a colocation facility in~~ California ~~and in Texas~~ to support its operations. ~~Our~~ **This** data ~~centers~~ **center** ~~are~~ **is** vulnerable to damage or interruption from fire, flood, power loss, telecommunications failures, terrorist attacks, acts of war, electronic and physical break- ins, computer viruses, ransomware, earthquakes and similar events. The occurrence of any of these events could render communications between ~~Vroom~~ **our** offices inoperable **and** ~~or~~ **our** results of operations could be harmed. Problems faced by our third- party web- hosting providers, including AWS and Google Cloud, could inhibit the functionality of our platform. For example, our third- party web- hosting providers could close their facilities without adequate notice or suffer interruptions in service caused by cyber- attacks, natural disasters or other phenomena. Disruption of their services could cause our website to be inoperable and could have a material adverse effect on our business, financial condition and results of operations. Any financial difficulties, up to and including bankruptcy, faced by our third- party web- hosting providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. In addition, if our third- party web- hosting providers are unable to keep up with our growing capacity needs, our business, financial condition and results of operations could be harmed. Any errors, defects, disruptions, or other performance or reliability problems with our platform could interrupt our customers' access to our inventory and our access to data that drives our inventory purchase operations, which could harm our reputation or our business, financial condition and results of operations. **Our CarStory business relies on artificial intelligence to facilitate the automotive retail experience. If our use of artificial intelligence results in inaccurate data, regulatory scrutiny, privacy concerns or is otherwise unsuccessful, it could adversely affect our business, results of operations, and financial condition. We have made significant investments in artificial intelligence (" AI ") initiatives, including through our**

CarStory business and offerings. CarStory provides AI- powered analytics and digital services, including predictive market data, for automotive retail. CarStory relies on AI, machine learning, automated decision making, data analytics and similar tools to analyze market trends, improve our services, provide insights to our customers and tailor our interactions with our customers (" AI Tools "). Certain of these AI Tools are proprietary to CarStory, and certain are third party AI Tools that CarStory has obtained a right to use from the applicable provider. Pursuant to our Value Maximization Plan, we are shifting focus in part to our CarStory business and expect to expand our use and offerings of our AI Tools. We intend to leverage our CarStory data and technology, including our AI Tools, to enhance operations at UACC. As with many technological innovations, there are significant risks involved in developing, maintaining and utilizing AI Tools and no assurance can be provided that CarStory' s use of AI Tools will enhance our products or services or continue to be successful. If the models underlying our AI Tools are inadequately or incorrectly designed, improperly trained or used, or the data used to train them is incomplete, inadequate or biased in some way, our use of AI Tools may inadvertently reduce our efficiency or cause unintentional or unexpected outputs that are incorrect, insufficient, do not match our business goals, do not comply with our policies or standards, adversely affect our financial condition, business and reputation. Further if we are deemed to not have sufficient rights to use such data to train our AI Tools, then we may be subject to litigation by the owners of the content or other materials that comprise such data, similar to the litigation that is currently pending in various U. S. courts against other developers of AI Tools, and which has an uncertain outcome. The market for AI Tools is complex and rapidly evolving, and we face significant competition from other companies as well as an evolving regulatory landscape. To the extent AI development and utilization from our industry competitors prove to be successful, or more successful, than our approach, the demand for our CarStory platform, and thus our business, could be adversely affected. Our efforts to continuously improve our AI Tools, including the introduction of new products or capabilities or changes to existing products or capabilities, may result in new or enhanced governmental or regulatory scrutiny, litigation, privacy or ethical concerns, or other complications that could adversely affect our business, reputation, or financial results. For example, the use of datasets to develop AI models, the content generated by AI systems, or the application of AI systems may be found to be insufficient, biased, or harmful, or violate current or future laws and regulations or deviate from consumers' expectations of privacy. In addition, market acceptance of AI technologies is uncertain, especially in the automotive retail industry. The rapid evolution of AI will require the application of resources to develop, test, maintain and improve our products and services to help ensure that the AI is accurate and efficient. The continuous development, testing, maintenance and deployment of our AI Tools may also increase the cost profile of our offerings due to the nature of the computing costs involved in such systems, and may involve unforeseen difficulties including material performance problems, undetected defects or errors. We may encounter technical obstacles, and it is possible that we may discover additional problems that may prevent our proprietary AI Tools from operating properly, which could adversely affect our business, customer relationships and reputation. See " Any actual or perceived failure to comply with evolving regulatory frameworks around the development and use of AI could adversely affect our business, results of operations, and financial condition. " Any actual or perceived failure to comply with the evolving regulatory frameworks around the development and use of AI could adversely affect our business, results of operations, and financial condition. The regulatory framework around the development and use of these emerging technologies is rapidly evolving, and many federal, state and foreign government bodies and agencies have introduced and / or are currently considering additional laws and regulations. Both in the United States and internationally, the development and use of AI Tools are the subject of evolving regulation by various governmental and regulatory agencies, and changes in laws, rules, directives and regulations governing the use of AI Tools may adversely affect the ability of our business to use or rely on AI Tools. As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or perception of their requirements may have on our business. Already, there are some existing legal regimes that regulate certain aspects of AI, and new laws regulating AI Tools are expected to enter into force in the United States and the EU in 2024. In October 2023, the President of the United States issued a broad Executive Order on the Safe, Secure and Trustworthy Development and Use of AI (the " Order "), emphasizing the need for transparency, accountability and fairness in the development and use of AI Tools. The Order established certain new requirements for the training, testing and cybersecurity of sophisticated AI models and large- scale compute centers used to train AI models. The Order also instructed several other federal agencies to promulgate certain additional regulations within specific timeframes from the date of the Order regarding the development, use and marketing of AI Tools. Any of the foregoing, together with developing guidance and / or decisions in this area, may affect our ability to use AI Tools, require additional compliance measures and changes to our operations and processes regarding AI Tools, and result in increased compliance costs, and potential increases in the risk of civil claims against us. Any actual or perceived failure to comply with evolving regulatory frameworks around the development and use of AI Tools, could adversely affect our brand, reputation, business, results of operations, and financial condition. Risks Related to Intellectual Property Failure to adequately protect our intellectual property, technology and confidential information could harm our business, financial condition and results of operations. The protection of intellectual property, technology and confidential information is crucial to the success of our ~~business~~ **businesses . Moreover, we will work to preserve the value of our Vroom ® intellectual property rights where appropriate following the wind- down of our ecommerce operations** . We rely on a combination of trademark, trade secret, patent and copyright law, as well as contractual restrictions, to protect our intellectual property (including our brand, technology and confidential information). While it is our policy to protect and defend our rights to our intellectual property, we cannot predict whether steps taken by us to protect our intellectual property will be adequate to prevent infringement, misappropriation, dilution or other violations of our intellectual property rights. We also cannot guarantee that others will not independently develop technology that has the same or similar functionality as our technology. Unauthorized parties may also attempt to copy or obtain and use our technology to develop competing solutions, and policing unauthorized use of our technology and intellectual property rights may be difficult and **ineffective. Changes in the law or adverse court rulings** may ~~not~~ **also negatively affect our ability to prevent others from using our technology. If our intellectual property rights are used or misappropriated by third parties, the value of our brand and intellectual property may** be **diminished and competitors may be able to more** ~~effective~~ **effectively mimic our products and methods of operations. Any of these events could materially adversely affect our business, financial condition or results of operations** . Furthermore, we may face claims of infringement of third- party intellectual property that could interfere with our ability to market, promote and sell our brands, products and services. Any litigation to enforce our intellectual property rights or defend ourselves against claims of infringement of third- party intellectual property rights **, regardless of merit,** could be costly, divert attention of management and may not ultimately be resolved in our favor. Moreover, if we are unable to successfully defend against claims that we have infringed the intellectual property rights of others, we may be prevented from using certain intellectual property and may be liable for damages, which in turn could materially adversely affect our business, financial condition or results of operations. **Even if we were** ~~As part of our efforts~~ to ~~protect~~ **prevail, the time and resources necessary to resolve such disputes could be costly, time- consuming and divert the attention of management from** our **business operations. A number of aspects of** intellectual property ~~, technology~~ **protection in the field of AI** and ~~confidential information~~ **machine learning are currently under development** , **and there is uncertainty and ongoing litigation in different jurisdictions as to the degree and extent of protection warranted for AI and machine learning systems and relevant system input and outputs. If** we **fail** ~~require certain of our employees and consultants~~ to **obtain protection** ~~enter into confidentiality and assignment of inventions agreements, and we also require certain third parties to enter into nondisclosure agreements. These agreements may not effectively grant all necessary rights to any inventions that may have been developed by our employees and consultants. In addition, these agreements may not effectively prevent unauthorized use or~~ **for the** ~~disclosure of our confidential information,~~ intellectual property **rights concerning** ~~or~~ **our AI Tools,** ~~technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our~~ - **or** ~~confidential information,~~ **later have our** intellectual property **rights invalidated** ~~or technology. Despite our~~ - **or otherwise diminished, our competitors may be able to take advantage of our research and development** efforts to ~~protect~~ **develop competing products. Given the long history of development of AI Tools, other parties may have (** ~~our~~ - **or in the future may obtain) patents or other** proprietary rights **that would prevent** , **limit** ~~unauthorized parties may attempt to copy aspects of our~~ - **or interfere with** ~~website features, software and functionality or~~ **our** ~~obtain and~~ **ability to make,** use ~~information that we consider proprietary. Changes in the law or adverse court rulings may also negatively affect our~~ - **or sell** ~~ability to prevent others from using~~ our ~~technology~~ **own AI Tools** . We are currently the registrant of the vroom. com, texasdirectauto. com, carstory. com, vast. com and unitedautocredit. net internet domain names and various other related domain names. The regulation of domain names in the United States is subject to change. Regulatory bodies could establish additional top- level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain domain names that are important for our business. In addition, we have **registered** certain trademarks that are important to our business, such as the **"** Vroom ® **"** , **"** Sell Us Your Car ® **"** , **"** CarStory ® **"** , **"** ~~Vroom Financial Services ™,~~ Vast ® **"** and **"** United Auto Credit ® **"** trademarks **. While we are seeking, and have secured registration of several of our trademarks in the U. S. and other foreign jurisdictions (including Canada and Europe), it is possible that others may assert senior rights to similar trademarks and seek to prevent our use and further registration of our trademarks in certain jurisdictions. Additionally, our pending trademark or service mark applications may not result in such marks being registered in a timely manner or at all** . If we fail to adequately protect or enforce our rights under these trademarks, we may lose the ability to use those trademarks or to prevent others from using them, which could adversely harm our reputation and our business, financial condition and results of operations ~~. While we are actively seeking, and have secured registration of several of our trademarks in the U. S. and other jurisdictions (including Canada and Europe), it is possible that others may assert senior rights to similar trademarks, in the U. S. and internationally, and seek to prevent our use and registration of our trademarks in certain jurisdictions. Our pending trademark or service mark applications may not result in such marks being registered~~ . While software can be protected under copyright law, we have chosen not to register any copyrights in ~~these works~~ **our proprietary software** , and instead, primarily rely on trade secret law to protect our proprietary software. In order to bring a copyright infringement lawsuit in the United States, the copyright must be registered. Accordingly, the remedies and damages available to us for unauthorized use of our software may be limited. ~~Our~~ **Furthermore, our** trade secrets, know- how and other proprietary materials may be revealed to the public or our competitors or independently developed by our competitors and ~~no longer provide protection for the related intellectual property. Furthermore~~ , ~~our trade secrets~~ **as a result** , ~~know- how and other proprietary materials~~ may ~~be revealed to the public or our competitors or independently developed by our competitors and~~ no longer provide protection for the related intellectual property. Our CarStory business has a number of patents and ~~Vroom has~~ **we may obtain additional patents in the future. We may fail to apply for patents** ~~one~~ - **on** ~~pending provisional~~ **important products, methods and technologies in a timely fashion or at all, or we may fail to apply for patents in potentially relevant jurisdictions. Moreover, we may fail to obtain issuance of any of the** patent **applications we do file** ~~and may obtain patents in the future~~ . Effective protection of patents is **complex,** expensive and difficult to maintain, both in terms of **filing** ~~application and registration~~ costs as well as the costs of defending and enforcing ~~those~~ **our** rights **in our patents** . For example, the U. S. Patent and Trademark Office and various foreign governmental patent agencies require compliance with a number of procedural requirements to complete the patent application process and to maintain issued patents, and noncompliance or non- payment could result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in a relevant jurisdiction. **Our agreements with employees and consultants may not effectively prevent unauthorized use of our**

intellectual property, and we may be subject to claims asserting that our employees or, consultants have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property. As part of our efforts to protect our intellectual property, technology and confidential information, we require employees and contractors who may be involved in the creation or development of intellectual property to enter into confidentiality and assignment of inventions agreements, and we also require certain third parties to enter into nondisclosure agreements. However, we may not be successful in having all such employees, contractors or third parties enter into such agreements. These agreements may not effectively grant all necessary rights to any inventions that may have been developed by our employees and consultants. In addition, while these agreements will give us contractual remedies upon unauthorized use or disclosure of our intellectual property or confidential information, these agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and we may not be able to detect such unauthorized activity. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know- how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual' s current or former employer. Litigation may be necessary to defend against these claims, which could be costly and time- consuming. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and divert the attention of management. We rely on licenses to use the intellectual property rights of third parties which are incorporated into our products and services. Failure to renew or expand existing licenses may require us to modify, limit or discontinue certain offerings, which could materially affect our business, financial condition and results of operations. We rely on products, technologies and intellectual property that we license from third parties for use in our products and services. We cannot assure that these third- party licenses, or support for such licensed products and technologies, will continue to be available to us on commercially reasonable terms, if at all. In the event that we cannot renew or expand existing licenses, we may be required to discontinue or limit our use of the products or services that include or incorporate the licensed intellectual property. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that our suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our ability to develop our products and services containing that technology could be severely limited and our business could be harmed. Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive offerings and increase our costs. If alternate technology cannot be obtained or developed, we may not be able to offer certain functionality as part of our products and services, which could adversely affect our business, financial condition and results of operations. We utilize third party open- source software components in some of the solutions we license to our clients deliverables we develop and create for our clients, and failure to comply with the terms of the underlying open- source software licenses could subject us or our clients to possible litigation. We use open- source software in some of our proprietary software, and we expect to continue to use open- source software in the future. The use and distribution of open- source software is accompanied by the risk that open- source licensors generally do not provide warranties, indemnification or other contractual provisions regarding the quality of the code or intellectual property infringement claims protections. To the extent that our proprietary software depends upon the successful operation of open- source software, any undetected errors or defects in this open- source software could prevent the deployment or impair the functionality of such technologies and injure our reputation. In addition, some open source licenses contain terms requiring us to make available source code for modifications or derivative works we create based upon the type of open- source software we use or grant other licenses to our intellectual property. Although we monitor our use of open- source software to avoid subjecting our software to conditions we do not intend, we cannot assure you that our processes for controlling our use of open- source software in our software will be effective. Additionally, we could be subject to third- party claims asserting ownership of, or demanding release of, the open- source software or derivative works that we developed using such software, or otherwise seeking to enforce the terms of the applicable open- source license. Such claims could result in litigation and / or substantial costs to defend and resolve. We may be subject to claims asserting that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know- how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual' s current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management. In addition, while it is our policy to require our employees and contractors who may be involved in the creation or development of intellectual property on our behalf to execute agreements assigning such intellectual property to us, we may be unsuccessful in having all such employees and contractors execute such an agreement. The assignment of intellectual property may not be self-executing or the assignment agreement may be breached, and we may be forced to bring claims against third parties or defend claims that they may bring against us to determine the ownership of what we regard as our intellectual property. Risks Related to Ownership of Our Common Stock Our common stock price may be volatile and the value of our common stock has declined since our initial public offering and may continue to decline regardless of our operating performance, and you may not be able to resell your shares at or above the price which you paid for them. It is possible that an active trading market for shares of our common stock will not be sustained, which could make it difficult for you to sell your shares of common stock at an attractive price or at all. Many factors, some of which are outside our control, may cause the market price of our common stock to fluctuate significantly, including those described in this " Risk Factors " section and ~~elsewhere~~ **the" Risk Factors" section** in ~~this~~ **our** Annual Report ~~on Form 10- K~~ , as well as the following: • our operating and financial performance and prospects, including as a result of operational changes and initiatives we **are taking** ~~have and continue to undertake~~ as part of our ~~long~~ **Value Maximization Plan; • the discontinuation of our ecommerce operations and wind** - ~~term roadmap~~ **down of our used vehicle dealership business and our ability to reduce the related costs; • potential delisting of our common stock, as described below; • our ability to grow and develop the UACC and CarStory businesses; • our liquidity and ability to raise capital** ; • our quarterly or annual earnings or those of other companies in our industry compared to market expectations; • our guidance regarding future quarterly or annual earnings, and our financial results in relation to previously issued guidance; • our ability to achieve the benefits of any cost saving measures; • ~~conditions that impact demand for our offerings and platform, including demand in the automotive industry generally and the performance of the third parties through whom we conduct significant parts of our business; •~~ future announcements concerning our ~~business~~ **businesses** or our competitors' businesses; • the public' s reaction to our press releases, other public announcements and filings with the SEC; • coverage by or changes in financial estimates by securities analysts or failure to meet their expectations; • market and industry perception of our success, or lack thereof, in pursuing our business strategy; • changes in market sentiment regarding growth companies that are not yet profitable; • strategic actions by us or our competitors, such as acquisitions or restructurings; • changes in laws or regulations which adversely affect our industry or us; • changes in accounting standards, policies, guidance, interpretations or principles; • changes in senior management or key personnel and the impact of reductions in our workforce; • issuances, exchanges or sales, or expected issuances, exchanges or sales of our capital stock; • changes in our dividend policy; • new, or adverse resolution of pending, litigation or other claims against us; • **global** political unrest and wars, ~~such as the current~~ **including geopolitical conflicts and** war in ~~Ukraine~~ **Europe and the Middle East** , which could delay and disrupt our business, and if such political unrest further escalates or leads to disruptions in the financial markets or puts further pressure on global supply chains, it could heighten many of the other risk factors included in this Item 1A; ~~and~~ • the current inflationary environment in the United States and in other global economies, the impact of ~~rising~~ **high** interest rates and the impact of any recession or general economic downturn; **• potential volatility in the banking industry;** and • other changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from **the federal government' s ongoing negotiations regarding the federal debt limit,** natural disasters, terrorist attacks, global pandemics, and responses to such events ~~.~~ As a result, volatility in the market price of our common stock may prevent investors from being able to sell their common stock at or above the price which they paid for them. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low. As a result, you may suffer a loss on your investment. Broad market and industry fluctuations, as well as general economic, political, regulatory, and market conditions, may negatively impact the market price of our common stock. We have ~~recently~~ experienced significant declines in the market price of our common stock, and it could continue to decline in the future, including as a result of the execution ~~,~~ and implementation of our **Value Maximization Plan** ~~long- term roadmap. Based upon the decline in our stock price, we recorded a goodwill impairment charge in our condensed consolidated statement of operations for the quarter ended March 31, 2022. See Note 8 to our Consolidated Financial Statements~~ . Further declines in our stock price could, among other things, make it more difficult to raise capital on terms acceptable to us, or at all, **and** make it difficult for our investors to sell their shares of common stock **. If** ~~, and put us at risk of~~ our stock ~~being delisted from~~ **price again closes below $ 1. 00 per share minimum bid price for 30 consecutive business days, we would be out of compliance with the $ 1. 00 per share minimum bid price requirement for continued inclusion on** the Nasdaq Global Select ~~exchange if it falls below~~ **Market and our stock would be at risk of delisting. See" Risk Factors — We may be unable to satisfy** a ~~minimum bid price of $ 1 per share~~ **continued listing rule from the Nasdaq" and" Risk Factors — Our indebtedness and liabilities could limit the cash flow available** for **our operations** ~~at least 30 consecutive trading days~~ , ~~which~~ **expose us to risks that** ~~would~~ **could adversely affect** ~~also constitute a fundamental change under the terms of~~ our ~~Indenture~~ **business, financial condition** and ~~make~~ **results of operations and impair** our ~~Notes redeemable at par upon~~ **ability to satisfy our debt obligations" for more information on the risk of** delisting **from** ~~. In such circumstances, there~~ -- **the Nasdaq Global Select Market** ~~are actions we could take to prevent such a delisting, such as a reverse stock split, but there can be no assurance that we could successfully execute such actions and prevent a delisting~~ . In addition, companies that experience volatility in the market price of their securities often are the subject of securities class action litigation. For example, a consolidated class action is pending in the U. S. District Court for the Southern District of New York against us, certain of our officers, and certain of our directors, among others, alleging violations of the federal securities laws. See Part I, Item 3. " Legal Proceedings. " We do not intend to pay dividends on our common stock for the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our ~~business~~ **businesses** . As a result, we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our business prospects, results of operations, financial condition, cash requirements and availability, industry trends and other factors that our board of directors may deem relevant. Any such decision also will be subject to compliance with contractual restrictions and covenants in the agreements governing our current indebtedness. In addition, we may incur additional indebtedness, the terms of which may further restrict or prevent us from paying dividends on our common stock. As a result, you may have to sell some or all of your common stock after price appreciation in order to generate cash flow from your investment, which you may not be able to do. Our inability or decision not to pay dividends could also adversely affect the market price of our common stock. We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock. Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our board of directors has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our common stock. The issuance by us of additional shares of common stock or convertible securities ~~may~~ **would significantly** dilute your ownership of us and could adversely affect our stock price. We may **seek additional equity or debt financing. The** ~~issue~~ **issuance of any** additional capital stock **would** ~~in the future that will~~ result in **significant** dilution to **our** ~~all other~~ stockholders. We also expect to continue to grant equity awards to employees, directors and consultants under our equity incentive plans. From time to time in the future, we may also issue additional shares of our common stock or securities convertible into common stock pursuant to a variety of transactions, including acquisitions. The issuance by us of additional shares of our common stock or securities convertible into our common stock would dilute your ownership of us and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our common stock. The issuance or sale of shares of our common stock, or rights to acquire shares of our common stock, could depress the trading price of our common stock and our notes **, and would significantly dilute existing stockholders** . We may conduct future offerings of our common stock, preferred stock or other securities that are convertible into or exercisable for our common stock to finance our operations or fund acquisitions, or for other purposes. **On December 1, 2023, we filed a prospectus supplement with the SEC under which we may offer and sell from time to time and at our discretion shares of our common stock having an aggregate offering price of up to $ 50. 0 million pursuant to an " at the market " offering program (the " ATM Program "). As of December 31, 2023, we had issued 43, 483 shares of common stock under the ATM program for net proceeds of $ 2. 4 million.** In addition, as of December 31, ~~2022~~ **2023** , we had reserved ~~4~~ **53** , **537** ~~966, 357~~ shares of our common stock for issuance under our equity incentive plans. The Indenture for our Notes does not restrict our ability to issue additional equity securities ~~in the future~~ . If we issue **or sell** additional shares of our common stock or rights to acquire shares of our common stock, if any of our existing stockholders sells a substantial amount of our common stock, or if the market perceives that such issuances or sales may occur, then the trading price of our common stock, and, accordingly, our Notes may significantly decline. In addition, our issuance **or sale** of additional shares of common stock ~~will~~ **would significantly** dilute the ownership interests of our existing common stockholders, including noteholders who ~~have received~~ **receive** shares of our common stock upon conversion of their Notes. Future sales, or the perception of future sales, by us or our existing stockholders in the public market could cause the market price for our common stock to decline. The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Other than shares held by our affiliates, stockholders who held our capital stock prior to completion of our IPO now hold freely tradable shares of our common stock without restriction or further registration requirements under the Securities Act, and therefore they may take steps to sell their shares or otherwise secure ~~the~~ **any** unrecognized gains on those shares. Additionally, any shares of common stock held by our affiliates are eligible for resale pursuant to Rule 144 under the Securities Act, subject to the volume, manner of sale, holding period and other limitations of Rule 144. ~~We~~ **On December 1, 2023, we filed a prospectus supplement with the SEC for our ATM Program. As of December 31, 2023, we had issued 43, 483 shares of common stock under our ATM program for net proceeds of $ 2. 4 million. In addition, we** filed a registration statement on Form S- 8 to register shares of our common stock issued or reserved for issuance under our 2020 Incentive Award Plan and Second Amended and Restated 2014 Equity Incentive Plan, as well as a registration statement on Form S- 8 to register shares of our common stock issued or reserved for issuance under our 2022 Inducement Award Plan. Subject to the satisfaction of vesting conditions, shares registered under these registration statements on Form S- 8 became available for resale immediately in the public market without restriction. Further, certain holders of our common stock have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file on our behalf or for other stockholders. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our common stock **, which in turn may impact our continued listing on Nasdaq. See " We may be unable to satisfy a continued listing rule from the Nasdaq ". We may be unable to satisfy a continued listing rule from Nasdaq. The Nasdaq Stock Market LLC (" Nasdaq") maintains several requirements for continued listing of our common stock, one of which is the maintenance of a minimum closing bid price of $ 1. 00. On December 21, 2023, we received written notice from Nasdaq notifying us that, for the prior 30 consecutive business days, the bid price for our common stock had closed below the $ 1. 00 minimum bid price requirement for continued inclusion on the Nasdaq Global Select Market. On February 13, 2024, after obtaining stockholder approval, we effected a 1- for- 80 reverse stock split (the " Reverse Stock Split "), and our stock began trading on a post- split adjusted basis on February 14, 2024. On February 29, 2024, we were notified by Nasdaq Listing Qualifications that the closing bid price of our common stock had been at $ 1. 00 per share or greater for 11 consecutive business days, from February 14, 2024 to February 28, 2024. Accordingly, the Company has regained compliance with Nasdaq Listing Rule 5450 (a) (1) and this matter is now closed. However, if our common stock again**

closes below the $ 1. 00 per share minimum bid price required by Nasdaq for 30 consecutive business days, we would receive another notice of non- compliance with Nasdaq' s listing standards and may be provided a period of 180 calendar days from the date of such notice to regain compliance with the minimum bid closing price requirement of at least $ 1. 00 per share for a minimum of 10 consecutive business days. However, there can be no assurance that our common stock will continue to close at or above the $ 1. 00 per share minimum bid price as required by Nasdaq, or that we will otherwise meet the requirements of Nasdaq for continued inclusion for trading on Nasdaq Global Select Market. We intend to continue to actively monitor the closing bid price of our common stock and, if we lose compliance with Nasdaq' s minimum bid price closing requirements, will consider all available options to regain compliance. If our common stock is delisted in the future, it is unlikely that we will be able to list our common stock on another national securities exchange and, as a result, we expect our securities would be quoted on an over- the- counter market. If this were to occur, we and our stockholders could face significant material adverse consequences, including limited availability of market quotations and analyst coverage for our common stock, and reduced liquidity for the trading of our securities. In addition, a delisting would constitute a fundamental change under the terms of our Indenture and make our Notes redeemable at par upon delisting (as described further below), and we could also experience a decreased ability to issue additional securities and obtain additional financing in the future. Delisting also could result in, among other things, a loss of investor confidence or interest in strategic transactions or opportunities, us being subject to regulation in each state in which we offer our securities, and difficulty in recruiting and retaining personnel through equity incentive awards . The obligations associated with being a public company require significant resources and management attention. As a public company, we face significant legal, accounting, administrative and other costs and expenses. We are subject to the Exchange Act, the rules and regulations implemented by the SEC, the Sarbanes- Oxley Act of 2022, as amended (the" Sarbanes Oxley- Act"), the Wall Street Reform and Consumer Protection Act of 2020 (the " Dodd- Frank Act "), the Public Company Accounting Oversight Board (" PCAOB ") and Nasdaq rules and standards, each of which imposes additional reporting and other obligations on public companies. As a public company, we are required to, among other things: • prepare, file and distribute annual, quarterly and current reports with respect to our business and financial condition; • prepare, file and distribute proxy statements and other stockholder communications; • ~~hire~~ **retain** financial and accounting personnel and other experienced accounting and finance staff with the expertise to address complex accounting matters applicable to public companies; • institute comprehensive financial reporting and disclosure compliance procedures; • involve and retain outside counsel and accountants to assist us with the activities listed above; • enhance our investor relations function; • enforce new internal policies, including those relating to trading in our securities and disclosure controls and procedures; • comply with Nasdaq' s listing standards; and • comply with the Sarbanes- Oxley Act. These rules and regulations and changes in laws, regulations and standards relating to corporate governance and public disclosure, which have created uncertainty for public companies, have and will continue to increase our legal and financial compliance costs and make some activities more time consuming and costly. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Our investment in compliance with existing and evolving regulatory requirements has and will continue to result in increased administrative expenses and a diversion of management' s time and attention from revenue- generating activities to compliance activities, which could have a material adverse effect on our ~~business~~ **businesses** , financial condition and results of operations. In addition, the need to continue to develop the corporate infrastructure demanded of a public company may also divert management' s attention from implementing our business strategy, including our **Value Maximization Plan** ~~long- term roadmap~~ , which could prevent us from improving our ~~business~~ **businesses** , financial condition and results of operations. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses. Being a public company and complying with applicable rules and regulations could also make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers. We are a " smaller reporting company " and the reduced disclosure requirements applicable to smaller reporting companies may make our common stock less attractive to investors. As of December 31, ~~2022~~ **2023** , we are a " smaller reporting company " as defined under the rules promulgated under the Exchange Act. We will remain a smaller reporting company until the fiscal year following the determination that either (i) the value of our voting and non- voting common shares held by non- affiliates is $ 250 million or more measured on the last business day of our second fiscal quarter or (ii) our annual revenues are $ 100 million or more during the most recently completed fiscal year and the value of our voting and non- voting common shares held by non- affiliates is $ 700 million or more measured on the last business day of our second fiscal quarter. Smaller reporting companies are able to provide simplified executive compensation disclosure and have certain other reduced disclosure obligations, including, among other things, being required to provide only two years of audited financial statements and not being required to provide selected financial data, or supplemental financial information. We cannot predict whether investors will find our common stock less attractive ~~if~~ **because** we **have** ~~choose~~ - **chosen** to rely on any these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be reduced or more volatile. As a public reporting company, we are subject to rules and regulations established from time to time by the SEC and Nasdaq regarding our internal control over financial reporting. If we experience ~~additional~~ material weaknesses or otherwise fail to maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results or report them in a timely manner, which may adversely affect investor confidence in us and, as a result, the value of our common stock. We are a public reporting company subject to the rules and regulations established from time to time by the SEC and Nasdaq. These rules and regulations require, among other things, that we establish and periodically evaluate procedures with respect to our disclosure controls and procedures and our internal control over financial reporting. Reporting obligations as a public company place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel. In addition, as a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting. Section 404 (a) of the Sarbanes- Oxley Act (" Section 404 (a) ") requires that management assess and report annually on the effectiveness of our internal control over financial reporting and identify any material weaknesses in our internal control over financial reporting. Additionally, Section 404 (b) requires our independent registered public accounting firm to issue an annual report that addresses the effectiveness of our internal control over financial reporting. Our compliance with Section 404 (a) will require that we incur substantial expenses and expend significant management efforts. ~~Management excluded Unitas Holdings Corp., including its wholly owned subsidiaries United PanAm Financial Corp. and United Auto Credit Corporation, from its assessment of internal control over financial reporting as of December 31, 2022 because it was acquired in a business combination on February 1, 2022. We are required to include Unitas Holdings Corp., United PanAm Financial Corp. and United Auto Credit Corporation in our management' s report on internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act one year from the date of the acquisition, which we expect to be in our Annual Report on Form 10- K for the year ended December 31, 2023. We must ensure that UACC establishes and maintains effective internal controls and procedures for financial reporting. Such compliance efforts may be costly and time consuming and may divert the attention of management. We previously identified and disclosed certain material weaknesses in our internal control over financial reporting in our Annual Report on Form 10- K for the year ended December 31, 2020. These material weaknesses have since been remediated, but additional material weaknesses or significant deficiencies may be discovered in the future.~~ If we identify ~~additional~~ material weaknesses in our internal control over financial reporting, our management will be unable to assert that our disclosure controls and procedures and our internal control over financial reporting is effective. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected and we could become subject to litigation or investigations by Nasdaq, the SEC, or other regulatory authorities, which could require additional financial and management resources. If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our operating results could be adversely affected. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations- Critical Accounting Policies and Estimates " in Part II, Item 7 of this Annual Report on Form 10- K. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, expenses and related disclosures. **On** ~~Significant assumptions and~~ **an ongoing basis, we evaluate our** estimates **,** ~~used in preparing our consolidated financial statements include~~ **including , among others,** those related to income taxes, the realizability of inventory, stock- based compensation, revenue- related reserves, as well as impairment of goodwill and long- lived assets. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our common stock. The implementation of new accounting requirements or other changes to GAAP could have a material adverse effect on our reported results of operations and financial condition. Increased scrutiny and changing expectations from investors, consumers, employees, regulators, and others regarding our environmental, social and governance practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks, which could adversely impact our reputation, customer attraction and retention, access to capital and employee recruitment and retention. Companies across all industries are facing increasing scrutiny related to their environmental, social and governance (" ESG ") practices and reporting. Investors, consumers, employees and other stakeholders have focused increasingly on ESG practices and placed increasing importance on the implications and social cost of their investments, purchases and other interactions with companies. With this increased focus, public reporting regarding ESG practices is becoming more broadly expected. If our ESG practices and reporting do not meet investor, consumer or employee expectations, which continue to evolve, our brand, reputation and customer retention may be negatively impacted. Our ability to achieve any ESG objective is subject to numerous risks, many of which are outside of our control. Examples of such risks include: • the availability and cost of low- or non- carbon- based energy sources; • the evolving regulatory requirements affecting ESG standards or disclosures; • the availability of suppliers that can meet sustainability, diversity and other ESG standards that we may set; • our ability to recruit, develop and retain diverse talent in our labor markets; and • the success of our organic growth and acquisitions or dispositions of businesses or operations. If we fail, or are perceived to be failing, to meet the standards included in any sustainability disclosure or the expectations of our various stakeholders, it could negatively impact our reputation, customer attraction and retention, access to capital and employee retention. In addition, new sustainability rules and regulations have been adopted and may continue to be introduced in various states and other jurisdictions. Our failure to comply with any applicable rules or regulations could lead to penalties and adversely impact our reputation, customer attraction and retention, access to capital and employee retention. Provisions in the Indenture governing our outstanding convertible notes could delay or prevent an otherwise beneficial takeover of us. On June 18, 2021, we issued $ 625. 0 million aggregate principal amount of Notes, of which $ ~~365~~ **290** . ~~8~~ **5** million aggregate principal amount are still outstanding. Certain provisions in our Notes and our indenture governing our Notes could make a third party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change, then noteholders will have the right to require us to repurchase their Notes for cash. In addition, if a takeover constitutes a make- whole fundamental change, then we may be required to temporarily increase the conversion rate. In either case, and in other cases, our obligations under our Notes and our indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that our security holders may view as favorable **term roadmap** , ~~pursue~~ **make certain marketing expenditures to improve** our ~~business objectives~~ **brand awareness** , ~~respond to business opportunities~~ **build and maintain our inventory of used vehicles** , ~~challenges~~ **develop** ~~or~~ **our** ~~unforeseen circumstances~~ **captive finance operation** , **expand** ~~successfully execute on~~ our ~~Value Maximization Plan~~ **internal sales force,improve our customer experience operations** ,develop new products or services or further improve existing products and services, **expand and enhance our operating and proprietary logistics and reconditioning infrastructure** and acquire complementary businesses and technologies. **Accordingly,** ~~To the extent~~ we ~~decide~~ **may need** to **engage in** ~~seek or raise additional capital,there can be no assurance that additional funds,including any~~ additional equity or debt financings **at the Vroom or UACC level to secure additional funds to satisfy our short or long term liquidity needs.However** , ~~will~~ **additional funds may not** be available ~~in amounts or~~ **when we need them,** on terms **that are** acceptable to us, ~~if~~ **or** at all.Moreover,any debt financing that we secure ~~would result~~ in ~~additional debt service obligations and~~ the **future** ~~instruments governing such debt~~ could **involve** ~~provide for~~ restrictive ~~operating and financial~~ covenants ~~,security interests on our assets,and other terms that could be adverse to our current stakeholders,~~ which may make it more difficult for us to obtain additional capital and to pursue business opportunities.Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing ~~.If we raise additional funds through~~ . Anti- takeover provisions in our governing documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, and depress the market price of our common stock. Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions that could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Among others, our amended and restated certificate of incorporation and amended and restated bylaws include the following provisions: • limitations on convening special stockholder meetings, which could make it difficult for our stockholders to adopt desired governance changes; • advance notice procedures, which apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders; • a prohibition on stockholder action by written consent, which means that our stockholders will only be able to take action at a meeting of stockholders; • a forum selection clause, which means certain litigation against us can only be brought in Delaware; • no authorization of cumulative voting, which limits the ability of minority stockholders to elect director candidates; • certain amendments to our certificate of incorporation require the approval of two- thirds of the then outstanding voting power of our capital stock; • our bylaws provide that the affirmative vote of two- thirds of the then- outstanding voting power of our capital stock, voting as a single class, is required for stockholders to amend or adopt any provision of our bylaws; and • the authorization of undesignated or " blank check " preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law (the " DGCL "), which prevents interested stockholders, such as certain stockholders holding more than 15 % of our outstanding common stock from engaging in certain business combinations unless (i) prior to the time such stockholder became an interested stockholder, the board approved the transaction that resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned 85 % of the common stock or (iii) following board approval, the business combination receives the approval of the holders of at least two- thirds of our outstanding common stock not held by such interested stockholder. Any provision of our amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, and federal district courts will be the sole and exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our amended and restated certificate of incorporation provides that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders; (c) any action asserting a claim arising pursuant to the DGCL, our amended and restated certificate of incorporation or amended bylaws, or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery of the State of Delaware; or (d) any action asserting a claim governed by the internal affairs doctrine; provided that the exclusive forum provisions will not apply to suits brought to enforce any liability or duty created by Exchange Act or to any claim for which the federal courts have exclusive jurisdiction. Our amended and restated certificate of incorporation further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. The choice of forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition and results of operations. If securities analysts ~~do~~ **continue** not **to** publish research or reports about our company, or if they issue unfavorable commentary about us or our industry or downgrade our common stock, the price of our common stock could decline. Our stock price and trading volume ~~are heavily~~ **may be** influenced by the way analysts and investors interpret our financial information and other disclosures. If securities or industry analysts ~~do~~ **continue** not **to** publish research or reports about our business, delay publishing reports about our business, or publish negative reports about our ~~business~~ **businesses** , regardless of accuracy, our common stock price and trading volume could decline. The trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business **, if** ~~. We do not have~~ any ~~control over these analysts~~ . Currently, ~~seven~~ **no** analysts cover our company ~~, which is a~~ **. The lack of analyst coverage could** decrease ~~from the 13 analysts who covered us at the end of 2021. If the number of analysts that cover us declines further,~~ demand for our common stock ~~could decrease~~ and our common stock price and trading volume may decline **even further** . Even if our common stock is actively covered by analysts **in the future** , we do not have any control over the analysts or the measures that analysts or investors may rely upon to forecast our future results. Over- reliance by analysts or investors on any particular metric to forecast our future results may result in forecasts that differ significantly from our own. Regardless of accuracy, unfavorable interpretations of our financial information and other public disclosures could have a negative impact on our stock price. If our financial performance fails to meet analyst estimates, for any of the reasons discussed above or otherwise, or one or more of the analysts who cover us downgrade our common stock or change their opinion of our common stock, our stock price would likely decline. Risks Related to Tax Matters We may be limited in our ability to utilize, or may not be able to utilize, net operating loss carryforwards to reduce our future tax liability. As of December 31, ~~2022~~ **2023 ,** we had substantial U. S. federal net operating loss (" NOL ") carryforwards, the utilization of which may be limited annually due to certain change in ownership provisions of Section 382 of the Internal Revenue Code of 1986, as amended (the " Code "). Some of our U. S. federal NOL carryforwards will begin to expire in 2028, with the remaining losses having no expiration. Please refer to Note 20 of our consolidated financial statements appearing elsewhere in this Annual Report on Form 10- K for a further discussion of the carryforward of our NOLs. As of December 31, ~~2022~~ **2023** , we maintain a full valuation allowance for our net deferred tax assets. An " ownership change " (generally defined as greater than 50- percentage- point cumulative changes in the equity ownership of certain stockholders over a rolling three- year period) under Section 382 of the Code may limit our ability to utilize fully our pre- change NOL carryforwards to reduce our taxable income in periods following the ownership change. In general, an ownership change would limit our ability to utilize U. S. federal NOL carryforwards to an amount equal to the aggregate value of our equity at the time of the ownership change multiplied by a specified tax- exempt interest rate, subject to increase by certain built- in gains. Similar provisions of state tax law may also apply to our state NOL carryforwards. We believe we have undergone an ownership change for purposes of Section 382 of the Code in each of 2013, 2014, 2015 and 2021, which substantially limits our ability to use U. S. federal NOL carryforwards generated prior to each such ownership change. In addition, future changes in our stock ownership, some of which may be beyond our control, could result in additional ownership changes under Section 382 of the Code. Tax matters could impact our results of operations and financial condition. We are subject to U. S. federal income tax, as well as income tax in certain states. Our provision for income taxes and cash tax liability in the future could be adversely affected by numerous factors including, changes in tax laws, regulations, accounting principles or interpretations thereof, which could materially and adversely impact our cash flows and our business, financial condition and results of operations in future periods. Increases in our effective tax rate could also materially affect our net results. In addition, the U. S. government may enact significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate and the imposition of minimum taxes. The likelihood of these changes being enacted or implemented is unclear. We are currently unable to predict whether such changes will occur and, if so, the ultimate impact on our business. Further, we are subject to the examination of our income and other tax returns by the IRS and state and local tax authorities, which could have an impact on our business, financial condition and results of operations. General Risk Factors ~~The full extent of the impact of the COVID- 19 pandemic, including the emergence of variants or any other resurgences, is uncertain. The COVID- 19 pandemic and measures implemented by governmental authorities around the world to reduce the spread of COVID- 19 disrupted our operations and adversely affected our financial performance beginning late in the first quarter of 2020. After the initial disruption, the used vehicle market began to recover and consumer demand for used vehicles increased. This recovery was bolstered by the introduction of COVID- 19 vaccines nationwide. The nature of work has been greatly altered by COVID- 19 and related protocols which have, in turn, broadly shifted employee sentiment regarding in- person work, compensation, and flexibility. Accordingly, we eliminated certain physical office locations in New York and Detroit, where in- person work was not required, in alignment with our cost- saving measures taken across the business pursuant to our Realignment Plan and our long- term roadmap. In addition, since early March 2020, UACC has worked, and continues to work, with borrowers impacted by COVID- 19 on an individual basis to provide deferments, due date changes and other assistance programs. UACC' s assistance programs, if expanded or continued, could materially and adversely impact our business, financial condition and results of operations. The extent to which COVID- 19, including the emergence of any variants or any resurgences, ultimately impacts our business, financial condition and results of operations will depend on future developments, which are highly uncertain and unpredictable. The pandemic may also have the effect of heightening many of the other risks described herein, including risks relating to changes in consumer demand; our limited operating history; our ability to generate sufficient revenue to generate positive cash flow; our relationships with third- party customer experience teams; the availability of third- party providers to deliver our vehicles to customers nationwide; the operation of our VRCs by us and our third- party service providers; the current geographic concentration of reconditioning services and store inventory; our level of indebtedness; our agreement with a single lender to finance our vehicle inventory~~

~~purchases and the expiration of such agreement; our access to desirable vehicle inventory; regulatory restrictions; and the shift by traditional dealers to online sales and deliveries. These consequences could have a material effect on our business, operating results, financial condition and prospects.~~ Our business is subject to the risk of natural disasters, adverse weather events and other catastrophic events, such as war and terrorism. Our business is vulnerable to damage or interruption from earthquakes, fires, floods, hurricanes, power losses, telecommunications failures, terrorist attacks, acts of war, global pandemics, human errors and similar events ~~. We have historically experienced business interruptions from time to time at our VRCs, due to actual or threatened adverse weather conditions or natural disasters, and our last mile delivery options may be subject to the same risks~~ . The third- party systems and operations on which we rely are subject to similar risks. For example, a significant natural disaster, such as an earthquake, fire, flood or hurricane could have an adverse effect on our ~~business~~ **businesses** , financial condition and operating results, and our insurance coverage may be insufficient to compensate us for losses that may occur. Global climate change is resulting in certain types of natural disasters occurring more frequently or with more intense effects. We may not have sufficient protection or recovery plans in some circumstances ~~, such as if a natural disaster affects locations that store a significant amount of our inventory vehicles~~ . As we rely heavily on our computer and communications systems and the internet to conduct our ~~business~~ **businesses** and provide high- quality customer service, any disruptions could negatively affect our ability to run our ~~business~~ **businesses** , which could have an adverse effect on our ~~business~~ **businesses** , financial condition, and operating results. War and acts of terrorism in the United States and abroad could also cause disruptions in our ~~business~~ **businesses** , consumer demand or the economy as a whole. For example, the **ongoing geopolitical conflicts** ~~invasion of Ukraine by Russia~~ and **war in** ~~resulting sanctions by the United States, European~~ -- **Europe** ~~Union~~ and ~~other~~ -- **the** ~~countries~~ **Middle East** could result in a slowdown in global economic growth, rising inflation, market disruptions and increased volatility in commodity prices in the United States. The extent and duration of the military ~~action~~ **actions** , sanctions and resulting market disruptions could be significant and could potentially have substantial impact on the global economy and our business for an unknown period of time. The broader consequences of geopolitical tensions, such as embargoes, regional instability and geopolitical shifts; airspace bans relating to certain routes, or strategic decisions to alter certain routes; and potential retaliatory action by governments against companies, cannot be predicted. We may incur expenses or delays relating to such events outside of our control, which could have a material adverse impact on our business, operating results and financial condition. Any such disruptions may also magnify the impact of other risks described in this Risk Factors section ~~of operations could be materially and adversely affected~~ .We may acquire other companies or technologies,which could divert our management' s attention,result in additional dilution to our stockholders and otherwise disrupt our operations and harm our results of operations.Our success will depend,in part,on our ability to **successfully wind- down our ecommerce business and** develop and evolve **UACC** ~~our business in response to the demands of consumers~~ and **CarStory** ~~other constituents within the automotive industry,as well as competitive pressures~~ .Although we have no plans to do so ~~currently,in some circumstances~~ **as of the filing of this Annual Report on Form 10- K** ,we may **in the future** determine to grow our ~~business~~ **businesses** through the acquisition of complementary businesses and technologies rather than through internal development, ~~such~~ as **we did with** our **prior acquisitions of** UACC ~~Acquisition in 2022,~~ and ~~our earlier acquisition of the~~ CarStory ~~business~~ .The identification of suitable acquisition candidates can be difficult,time- consuming and costly,and we may not be able to successfully complete identified acquisitions **or realize their intended benefits** .The risks we face in connection with acquisitions include:• **use of capital that could be used to improve our operations instead,and additional strain on our liquidity;•** diversion of management time and focus from operating our business to addressing acquisition integration challenges;• coordination of technology,research and development and sales and marketing functions ~~;• transition of the acquired company' s users to our platform~~ ;• retention of employees from the acquired company;• potential adverse reactions to the acquisition by an acquired company' s customers;• cultural challenges associated with integrating employees from the acquired company into our organization;• integration of the acquired company' s accounting,management information,human resources and other administrative systems;• the need to implement or improve controls,policies and procedures at a business that,prior to the acquisition,may have lacked effective controls,policies and procedures;• potential write- offs of intangibles or other assets acquired in such transactions that may have an adverse effect our results of operations;• liability for activities of the acquired company before the acquisition,including patent and trademark infringement claims,violations of laws,commercial disputes,tax liabilities and other known and unknown liabilities;and • litigation or other claims in connection with the acquired company,including claims from terminated employees,customers,former stockholders or other third parties.Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments,cause us to incur unanticipated liabilities and otherwise harm our business.Future acquisitions also could result in dilutive issuances of our equity securities,the incurrence of debt,contingent liabilities or amortization expenses,any of which could harm our financial condition.Also,the anticipated benefits of any acquisitions may not materialize.Any of these risks,if realized,could materially and adversely affect our business,financial condition and results of operations . Our insurance may not provide adequate levels of coverage against claims. We believe that we maintain insurance customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Moreover, any loss incurred could exceed policy limits and policy payments made to us may not be made on a timely basis. For example, insurance we maintain against liability claims may not continue to be available on terms acceptable to us and such coverage may not be adequate to cover the types of liabilities actually incurred. A successful claim brought against us, if not fully covered by available insurance coverage, could materially and adversely affect our business, financial condition and results of operations. If our operating and financial performance in any given period does not meet the guidance that we provide to the public, the market price of our common stock may decline. From time to time, we provide public guidance on our expected operating and financial results for future periods. Any such guidance will be comprised of forward- looking statements subject to the risks and uncertainties described in this Annual Report on Form

10- K and in our other public filings and public statements. Any such guidance is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in the relevant release and the factors described under " Special Note Regarding Forward- Looking Statements " in this Annual Report on Form 10- K and our current and periodic reports filed with the SEC. Guidance is based upon a number of assumptions and estimates that, although presented with numerical specificity, are inherently subject to business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the estimated ranges. The principal reason that we release this guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any third parties. Moreover, even if we do issue public guidance, there can be no assurance that we will continue to do so in the future. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the guidance furnished by us will not materialize or will vary significantly from actual results. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty. If, in the future, our operating or financial results for a particular period do not meet any guidance we provide or the expectations of investment analysts, or if we reduce our guidance for future periods, the market price of our common stock may decline. Short sellers of our stock may be manipulative and may drive down the market price of our common stock. Short selling is the practice of selling securities that the seller does not own, but rather has borrowed or intends to borrow from a third party with the intention of buying identical securities at a later date to return to the lender. A short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. It is therefore in the short seller' s interest for the price of the stock to decline, and some short sellers publish, or arrange for the publication of, opinions or characterizations regarding the relevant issuer, often involving misrepresentations of the issuer' s business prospects and similar matters calculated to create negative market momentum, which may permit them to obtain profits for themselves as a result of selling the stock short. As a public entity, we may be the subject of concerted efforts by short sellers to spread negative information in order to gain a market advantage. In addition, the publication of misinformation may also result in lawsuits, the uncertainty and expense of which could adversely impact our ~~business~~ **businesses** , financial condition, and reputation. There are no assurances that we will not face short sellers' efforts or similar tactics in the future, and the market price of our common stock may decline as a result of their actions. Stockholder activism could disrupt our business, cause us to incur significant expenses, hinder execution of our business strategy, and impact our stock price.