



Rover Reports First Quarter Financial Results

May 9, 2022

- First quarter revenue increases to \$28 million, up 128% from first quarter 2021
- First quarter GBV of \$154 million, up 137% from first quarter 2021
- First quarter new bookings of 179,000, up 76% from first quarter 2021

SEATTLE, May 09, 2022 (GLOBE NEWSWIRE) -- Rover Group, Inc. ("Rover") (NASDAQ: ROVR), the world's largest online marketplace for pet care, today announced financial results for the first quarter ended March 31, 2022.

"I am pleased with our strong first quarter results as the business performed better than we projected on our key financial metrics, despite the impact from COVID, including the recent Omicron variant," said Rover co-founder and CEO, Aaron Easterly. "We continue to manage the business for long-term enterprise value and are investing in marketing initiatives to capture more of our expanding market. We remain optimistic about our future growth opportunities, including continued international expansion, and have confidence in our ability to execute."

First Quarter 2022 Highlights:

- Revenue increased 128% to \$28 million, compared to \$12 million in Q1 2021. Despite Omicron persisting into the first quarter of 2022, driving softened demand and an elevated cancellation rate of 13%, this was Rover's strongest Q1 in revenue.
- Gross bookings value (GBV) grew 137% to \$154 million, compared to \$65 million in Q1 2021.
- New and Repeat Bookings had record first quarters with Total Bookings increasing 81% to 1.2 million, compared to 0.6 million in Q1 2021. New bookings increased 76% to 179,000, compared to 102,000. Repeat bookings increased 82% to 984,000, compared to 541,000.
- GAAP net loss and net loss margin of \$8.1 million and (29%), compared to a GAAP net loss and net loss margin of \$10.6 million and (87%) in Q1 2021.
- Adjusted EBITDA and Adjusted EBITDA Margin of (\$4.8) million and (17%), compared to (\$4.4) million and (36%) in Q1 2021. The Q1 2022 results were impacted by Omicron, increased investment in marketing initiatives and new public company costs which started in mid 2021.

Second Quarter and Full Year 2022 Guidance

Second Quarter 2022

- Revenue
 - Rover anticipates revenue in the range of \$41 - \$43 million, a year-over-year increase of 72% at the midpoint of the projected range.
- Adjusted EBITDA
 - Rover anticipates Adjusted EBITDA in the range of breakeven - \$2 million.

Full Year 2022

- Revenue
 - Rover anticipates revenue in the range of \$160 - \$180 million, a year-over-year increase of 55% at the midpoint of the projected range.
- Adjusted EBITDA
 - Rover anticipates Adjusted EBITDA in the range of \$17- \$21 million.

With respect to Q2 and full year guidance, the pandemic continues to impact our business and has persisted longer than we had originally anticipated, thus continuing to bring some level of uncertainty in the near and medium term. The low end of our guidance continues to assume material impact from potential new variants in 2022, in addition to the full year impact related to Omicron. The high end of our revenue guidance assumes no material impact from new variants, but does include modest ongoing impacts.

About Rover

Founded in 2011 and based in Seattle, Rover (Nasdaq: ROVR) is the world's largest online marketplace for pet care. Rover connects pet parents with pet providers who offer overnight services, including boarding and in-home pet sitting, as well as daytime services, including doggy daycare, dog walking, and drop-in visits. To learn more about Rover, please visit <https://www.rover.com>.

Conference Call and Webcast Information

Rover will host a conference call today at 1:30 p.m. PT (4:30 p.m. ET) to discuss the first quarter 2022 financial results and provide commentary on business performance. The conference call may be accessed by dialing (833) 714-3266 for U.S./Canadian callers or (360) 562-9905 for international callers. Once connected with the operator, please provide the conference ID of 1548058. The live webcast can be accessed at <https://investors.rover.com/>, along with this earnings press release and an Investor Presentation and Non-GAAP Reconciliation posted under the "News & Events-Presentations" section. A webcast replay will be available at the same address shortly after the conclusion of the live event and will be accessible for at least 90 days. This call will contain forward-looking statements and other material information regarding Rover's financial and operating results.

Available Information

Rover uses its Investor Relations website at <https://investors.rover.com> as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD. Accordingly, investors should monitor Rover's Investor Relations website, in addition to following Rover's press releases, SEC filings, public conference calls and webcasts.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 including, but not limited to, Rover's expectations or predictions of future financial or business performance or conditions, including guidance and projections for the second quarter of 2022 and full year 2022, future growth opportunities, international expansion, marketing initiatives, statements regarding Rover's expectations regarding COVID recovery, changes in travel and working behavior, and the impact on Rover's business and operating results. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. The words "believe," "may," "might," "possible," "will," "estimate," "continue," "anticipate," "intend," "expect," "could," "would," "should," "expect," "target," "contemplate," "predict," "project," "plan," "potential," "continue," "preliminary," "likely," "ongoing," or similar expressions and the negatives of those terms are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and assumptions that may cause actual events, results, or performance to differ materially from those indicated by such statements. Certain of these risks are identified in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Rover's SEC filings, including, but not limited to, Rover's Annual Report on Form 10-K for the year ended December 31, 2021 filed on March 21, 2022 and those that will be disclosed in Rover's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022. Additional factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements can be found in Rover's other recent filings with the SEC which are available, free of charge, on the SEC's website at www.sec.gov. Forward-looking statements are based on then-current expectations, estimates, forecasts, and projections and the beliefs and assumptions of management. Investors are cautioned not to place undue reliance on these statements, and reported results should not be considered as an indication of future performance. If the risks or uncertainties ever materialize or the assumptions prove incorrect, Rover's results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements speak only as of the date they are made. Except as required by law, Rover assumes no obligation and does not intend to update any forward-looking statements or to conform these statements to actual results or changes in Rover's expectations.

The information that can be accessed through hyperlinks or website addresses included herein is deemed not to be incorporated in or part of this press release.

Definitions

- A booking is defined as a single arrangement between a pet parent and pet care provider, which can be for a single night or multiple nights for our overnight services, or for a single walk/day/drop-in or multiple walks/days/drop-ins for our daytime services. New bookings is defined as the total number of first-time bookings that new users, which Rover refers to as pet parents, book on our platform in a period. Repeat bookings are defined as the total number of bookings from pet parents who have had a previous booking on Rover.
- Gross Booking Value, or GBV, represents the dollar value of bookings on our platform during a period, prior to cancellations, and is inclusive of pet care provider earnings, service fees, add-ons, taxes and alterations and is exclusive of tips.

Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, Rover has disclosed in this earnings release and/or our related earnings call, Adjusted EBITDA, Adjusted EBITDA margin, Contribution, Contribution margin, Non-GAAP Operations and Support Expense, Non-GAAP Marketing Expense, Non-GAAP Product Development Expense and Non-GAAP General and Administrative Expense (collectively, the "Non-GAAP Financial Measures"), which are non-GAAP financial measures. Reconciliation of the Non-GAAP Financial Measures to their most directly comparable GAAP measure is contained in tabular form below. We use the Non-GAAP Financial Measures to evaluate the health of our business, measure our operating performance, identify trends, prepare financial forecasts and make strategic decisions.

Adjusted EBITDA is defined as net loss excluding depreciation and amortization, stock-based compensation expense, interest expense, interest income, change in fair value, net, other income (expense), net, income tax expense or benefit, and non-routine items such as restructuring, investment impairment, certain merger and acquisition-related costs and transaction-related expenses. Adjusted EBITDA margin as presented in the reconciliation table below is Adjusted EBITDA for a period divided by revenue for the same period. We calculate Non-GAAP Operations and Support Expense, Non-GAAP Marketing Expense, Non-GAAP Product Development Expense and Non-GAAP General and Administrative Expense by excluding the non-cash expenses arising from the grant of stock-based awards. These non-GAAP operating expenses are also presented as a percentage of revenue, which is calculated by dividing the specific non-GAAP operating expense for a period by revenue for the same period. We define Contribution as revenue less cost of revenue (exclusive of depreciation and amortization shown separately below), adjusted to exclude amortization of internally developed software. Contribution Margin as presented below is calculated by dividing Contribution for a period by revenue for the same period.

We believe that these Non-GAAP Financial Measures, when taken together with their corresponding comparable U.S. GAAP financial measures, provide meaningful supplemental information regarding our operating performance by excluding certain gains, losses and charges of a non-cash nature or that occur relatively infrequently and/or that may not be indicative of our recurring core business, results of operations, or outlook. By presenting these Non-GAAP Financial Measures, we provide a basis for comparison of our business operations between periods by excluding items that we do not believe are indicative of our core operating performance, and we believe that investors' understanding of our performance is enhanced by our presenting these Non-GAAP Financial Measures, as they provide a reasonable basis for comparing our ongoing results of operations and those of other companies.

We use the Non-GAAP Financial Measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We consider the Non-GAAP Financial Measures to be important measures because they help illustrate underlying trends in our business and our historical operating performance on a more consistent basis.

We believe that both management and investors benefit from referring to these Non-GAAP Financial Measures in assessing our performance and when planning, forecasting, and analyzing future periods. These Non-GAAP Financial Measures also facilitate management's internal comparisons to our historical performance. We believe these Non-GAAP Financial Measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and in assessing the health of our business and our operating performance and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business. Accordingly, we believe that these Non-GAAP Financial Measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team and board of directors.

The Non-GAAP Financial Measures have limitations as an analytical tool, and you should not consider them in isolation, or as a substitute for, financial information prepared in accordance with GAAP. Examples of these limitations include:

- these measures do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- these measures do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA excludes certain restructuring and merger and acquisition-related charges, part of which may be settled in cash;
- some of these measures exclude stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy;
- these measures exclude significant expenses and income that are required by GAAP to be recorded in our financial statements;
- these measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these Non-GAAP Financial Measures; and
- our calculation of these Non-GAAP Financial Measures may differ from similarly titled non-GAAP measures, if any, reported by our peer companies, or our peer companies may use other measures to calculate their financial performance, and therefore our use of the Non-GAAP Financial Measures may not be directly comparable to similarly titled measures of other companies.

In order to compensate for these limitations, management presents the Non-GAAP Financial Measures in connection with GAAP results. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view the Non-GAAP Financial Measures in conjunction with their respective related GAAP financial measures. In addition, such financial information is unaudited and does not conform to SEC Regulation S-X and as a result such information may be presented differently in our future filings with the SEC.

The Non-GAAP Financial Measures are supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. These Non-GAAP Financial Measures should not be considered as substitutes for GAAP financial measures such as net income (loss), operating expenses or any other performance measures derived in accordance with GAAP. Also, in the future we may incur expenses or charges such as those being adjusted in the calculation of these Non-GAAP Financial Measures. Our presentation of these Non-GAAP Financial Measures should not be construed as an inference that future results will be unaffected by unusual or nonrecurring items.

Our first quarter 2022 and full year 2022 guidance also includes Adjusted EBITDA. Due to the forward-looking nature of these projections, specific quantifications of the amounts that would be required to reconcile such projections to GAAP measures cannot be reasonably calculated or predicted at this time without unreasonable efforts and Rover's management believes that it is not feasible to provide accurate forecasted non-GAAP reconciliations. For example, the non-GAAP adjustment for stock-based compensation expense requires additional inputs such as number of shares granted and market price that are not currently ascertainable.

ROVER GROUP, INC.

Key Business Metrics
(Bookings in thousands, GBV in millions)
(unaudited)

| | Three Months Ended | |
|----------|---------------------------|-------------|
| | March 31, | |
| | 2022 | 2021 |
| Bookings | | |

| | | |
|-----------------|----------|---------|
| New Bookings | 179 | 102 |
| Repeat Bookings | 984 | 541 |
| Total Bookings | 1,163 | 643 |
| GBV | \$ 153.7 | \$ 64.7 |

ROVER GROUP, INC.

Condensed Consolidated Statements of Operations
(in thousands, except for per share data)
(unaudited)

| | Three Months Ended | |
|---|---------------------------|-------------|
| | March 31, | |
| | 2022 | 2021 |
| Revenue | \$ 27,824 | \$ 12,196 |
| Costs and expenses: | | |
| Cost of revenue (exclusive of depreciation and amortization shown separately below) | 7,848 | 4,176 |
| Operations and support | 5,355 | 2,233 |
| Marketing | 7,331 | 2,666 |
| Product development | 6,633 | 4,468 |
| General and administrative | 11,540 | 6,636 |
| Depreciation and amortization | 1,696 | 1,850 |
| Total costs and expenses | 40,403 | 22,029 |
| Loss from operations | (12,579) | (9,833) |
| Other income (expense), net: | | |
| Interest income | 139 | 4 |
| Interest expense | (18) | (697) |
| Change in fair value of derivative warrant liabilities | 4,579 | — |
| Other income (expense), net | (256) | (51) |
| Total other income (expense), net | 4,444 | (744) |
| Loss before income taxes | (8,135) | (10,577) |
| Provision for income taxes | (11) | (14) |
| Net loss | \$ (8,146) | \$ (10,591) |
| Net loss per share attributable to common stockholders, basic and diluted | \$ (0.05) | \$ (0.35) |
| Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted | 179,671 | 30,599 |

ROVER GROUP, INC.

Condensed Consolidated Balance Sheets
(in thousands, except for per share data)
(unaudited)

| | March 31, | December 31, |
|---|------------------|---------------------|
| | 2022 | 2021 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 154,050 | \$ 278,904 |
| Short-term investments | 97,908 | — |
| Accounts receivable, net | 26,216 | 26,023 |
| Prepaid expenses and other current assets | 8,276 | 6,113 |
| Total current assets | 286,450 | 311,040 |
| Property and equipment, net | 20,337 | 20,874 |
| Operating lease right-of-use assets | 20,896 | 21,495 |
| Intangible assets, net | 3,733 | 4,469 |
| Goodwill | 33,159 | 33,159 |
| Deferred tax asset, net | 1,436 | 1,477 |

| | | |
|--|-------------------|-------------------|
| Long-term investments | 29,593 | 4,292 |
| Other noncurrent assets | 295 | 348 |
| Total assets | <u>\$ 395,899</u> | <u>\$ 397,154</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 4,527 | \$ 5,043 |
| Accrued compensation and related expenses | 4,194 | 6,600 |
| Accrued expenses and other current liabilities | 3,365 | 3,021 |
| Deferred revenue | 9,054 | 3,077 |
| Pet parent deposits | 37,389 | 28,269 |
| Pet care provider liabilities | 4,620 | 10,894 |
| Operating lease liabilities, current portion | 2,498 | 2,433 |
| Total current liabilities | 65,647 | 59,337 |
| Operating lease liabilities, net of current portion | 24,447 | 25,198 |
| Derivative warrant liabilities | — | 19,943 |
| Other noncurrent liabilities | 67 | 84 |
| Total liabilities | <u>90,161</u> | <u>104,562</u> |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.0001 par value, 10,000 shares authorized as of March 31, 2022 and December 31, 2021; no shares issued and outstanding as of March 31, 2022 and December 31, 2021 | — | — |
| Common stock, \$0.0001 par value, 990,000 shares authorized as of March 31, 2022 and December 31, 2021; 181,830 and 177,342 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively | 18 | 18 |
| Additional paid-in capital | 634,443 | 612,680 |
| Accumulated other comprehensive income | (251) | 220 |
| Accumulated deficit | (328,472) | (320,326) |
| Total stockholders' equity | <u>305,738</u> | <u>292,592</u> |
| Total liabilities and stockholders' equity | <u>\$ 395,899</u> | <u>\$ 397,154</u> |

ROVER GROUP, INC.

Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

| | Three Months Ended | |
|---|---------------------------|-------------|
| | March 31, | |
| | 2022 | 2021 |
| OPERATING ACTIVITIES | | |
| Net loss | \$ (8,146) | \$ (10,591) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: | | |
| Stock-based compensation | 4,310 | 1,001 |
| Depreciation and amortization | 3,428 | 3,569 |
| Non-cash operating lease costs | 588 | 477 |
| Change in fair value of derivative warrant liabilities | (4,579) | — |
| Net amortization of investment premiums | 23 | — |
| Amortization of debt issuance costs | — | 120 |
| Deferred income taxes | — | 12 |
| Loss on disposal of property and equipment | 7 | 17 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (193) | (3,878) |
| Prepaid expenses and other current assets | (2,166) | 928 |
| Other noncurrent assets | 52 | (9) |
| Accounts payable | (515) | 332 |
| Accrued expenses and other current liabilities | (2,050) | 1,034 |
| Deferred revenue and pet parent deposits | 15,097 | 9,449 |
| Pet care provider liabilities | (6,274) | 295 |
| Operating lease liabilities | (676) | (530) |
| Other noncurrent liabilities | (18) | 54 |

| | | |
|---|-------------------|------------------|
| Net cash (used in) provided by operating activities | (1,112) | 2,280 |
| INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (297) | (49) |
| Capitalization of internal-use software | (1,732) | (1,543) |
| Proceeds from disposal of property and equipment | — | 8 |
| Purchases of available-for-sale securities | (123,642) | — |
| Net cash used in investing activities | (125,671) | (1,584) |
| FINANCING ACTIVITIES | | |
| Proceeds from exercise of stock options and issuance of common stock | 2,353 | 666 |
| Redemption of stock warrants | (7) | — |
| Taxes paid related to settlement of equity awards | (393) | — |
| Payment of deferred transaction costs related to reverse recapitalization | — | (375) |
| Net cash provided by financing activities | 1,953 | 291 |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | (24) | (2) |
| Net (decrease) increase in cash, cash equivalents, and restricted cash | (124,854) | 985 |
| Cash, cash equivalents, and restricted cash beginning of period | 278,904 | 80,848 |
| Cash, cash equivalents, and restricted cash end of period | <u>\$ 154,050</u> | <u>\$ 81,833</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid for income taxes | \$ — | \$ — |
| Cash paid for interest | — | 563 |
| NON-CASH INVESTING AND FINANCING ACTIVITIES | | |
| Reclassification of certain derivative warrant liabilities to equity upon exercise | 15,356 | — |
| Deferred transaction costs included in accrued expenses and other current liabilities | — | 2,887 |

ROVER GROUP, INC.

Adjusted EBITDA Reconciliation (in thousands) (unaudited)

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------------|
| | 2022 | 2021 |
| Revenue | \$ 27,824 | \$ 12,196 |
| Adjusted EBITDA Reconciliation: | | |
| Net loss | \$ (8,146) | \$ (10,591) |
| Add (deduct): | | |
| Depreciation and amortization ⁽¹⁾ | 3,428 | 3,569 |
| Stock-based compensation expense ⁽²⁾ | 4,310 | 1,001 |
| Interest expense | 18 | 697 |
| Interest income | (139) | (4) |
| Change in fair value, net ⁽³⁾ | (4,579) | — |
| Other (income) expense, net | 256 | 51 |
| Income tax (benefit) expense | 11 | 14 |
| Acquisition and merger-related costs ⁽⁴⁾ | 80 | 905 |
| Adjusted EBITDA | <u>\$ (4,761)</u> | <u>\$ (4,358)</u> |
| Net loss margin ⁽⁵⁾ | (29%) | (86%) |
| Adjusted EBITDA margin ⁽⁶⁾ | (17%) | (36%) |

(1) Depreciation and amortization include amortization expense related to capitalized internal use software, which is recognized as cost of revenue (exclusive of depreciation and amortization shown separately) in the consolidated statement of operations.

(2) Stock-based compensation expense includes equity granted to employees as well as for professional services to non-employees.

(3) Change in fair value, net includes the mark-to-market adjustments related to the Earnout Shares and Warrant liabilities.

(4) Acquisition and merger-related costs include accounting, legal, consulting and travel related expenses incurred in connection with the merger and business combinations.

(5) Net loss margin is net loss divided by revenue.

(6) Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.

ROVER GROUP, INC.

Other Non-GAAP Financial Measures Reconciliations
(in thousands)
(unaudited)

| | Three Months Ended March 31, | | | |
|--|---------------------------------|------|-----------|------|
| | 2022 | | 2021 | |
| | Amount | % | Amount | % |
| Revenue | \$ 27,824 | 100% | \$ 12,196 | 100% |
| Less: Cost of revenue (exclusive of depreciation and amortization shown separately) | (7,848) | | (4,176) | |
| Adjusted to exclude the following (as related to Cost of revenue (exclusive of depreciation and amortization shown separately)): | | | | |
| IDS amortization | 1,732 | | 1,719 | |
| Non-GAAP contribution | \$ 21,708 | | \$ 9,739 | |
| Non-GAAP contribution margin ⁽¹⁾ | 78% | | 80% | |
| Operations and support expense | \$ 5,355 | 19% | \$ 2,233 | 18% |
| Less: Stock-based compensation expense | (348) | (1%) | (53) | — |
| Non-GAAP operations and support expense | \$ 5,007 | 18% | \$ 2,180 | 18% |
| Marketing expense | \$ 7,331 | 26% | \$ 2,666 | 22% |
| Less: Stock-based compensation expense | (251) | (1%) | (68) | (1%) |
| Non-GAAP marketing expense | \$ 7,080 | 25% | \$ 2,598 | 21% |
| Product development expense | \$ 6,633 | 24% | \$ 4,468 | 37% |
| Less: Stock-based compensation expense | (1,390) | (5%) | (295) | (3%) |
| Non-GAAP product development expense | \$ 5,243 | 19% | \$ 4,173 | 34% |
| General and administrative expense | \$ 11,540 | 41% | \$ 6,636 | 55% |
| Less: Stock-based compensation expense | (2,321) | (8%) | (585) | (5%) |
| Non-GAAP general and administrative expense | \$ 9,219 | 33% | \$ 6,051 | 50% |

(1) Non-GAAP Contribution Margin is calculated by dividing Non-GAAP Contribution for a period by revenue for the same period.

Contacts:

MEDIA

pr@rover.com
Kristin Sandberg
(360) 510-6365

INVESTORS

brinlea@blueshirtgroup.com
Brinlea Johnson
(415) 489-2193