

Q2 2022
Supplemental
Financial Tables
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Supplemental Financial Tables

Q2 2022 involved a number of changes to our business, including a partial quarter of the acquired ADESA U.S. (“ADESA”) wholesale auction marketplace business. In addition, there were certain non-recurring items, including expenses related to our CEO’s gift of personal stock to employees and expenses related to our May 2022 reduction in force. These slides are assembled to assist investors in understanding the various components of our results this quarter, including the incorporation of ADESA into our consolidated financial results.

New Metrics

Wholesale marketplace metrics – Beginning in Q2 2022, ADESA wholesale marketplace revenue, cost of sales, and gross profit are included in consolidated Wholesale Sales and Revenues, Cost of Sales, and Wholesale Gross Profit, respectively. Wholesale marketplace gross profit is also included in the numerator of Wholesale GPU. These metrics are available in the Results of Operations table in the Management’s Discussion and Analysis section of our 10-Q.

- Treatment of depreciation and amortization (D&A) at ADESA – KAR Global historically reported ADESA cost of sales and gross profit excluding depreciation and amortization. To be consistent with our historical approach, we will be reporting wholesale marketplace gross profit burdened by depreciation and amortization in our GAAP results. In Q2 2022, ADESA wholesale marketplace cost of sales included \$15 million of D&A.

Gross profit per unit (GPU) excluding D&A – Prior to the acquisition of ADESA, depreciation and amortization was a relatively small component of our cost of sales and GPU. As a result, we have not historically adjusted the D&A component of cost of sales out of our GPU or EBITDA metrics. Following the acquisition of ADESA, D&A is now a more meaningful portion of cost of sales and gross profit, so we are providing greater visibility into this component to aide investors in the understanding of our business and our path to positive free cash flow.

Supplemental Financial Tables

New Metrics (cont.)

SG&A excluding D&A and SBC – In our operating plan presentation, we laid out several targets on SG&A excluding D&A and share-based compensation expense (SBC) and are providing greater visibility into this metric to aid investors in the understanding of our business and our path to positive free cash flow.

Adjusted EBITDA and Adjusted EBITDA Margin – Adjusted EBITDA seeks to provide useful earnings visibility to investors by removing certain non-cash expenses that are not part of ongoing business operations. As such, Adjusted EBITDA excludes the impact from the CEO's Milestone Gift, which is a transfer of ownership of his personal stock that does not represent dilution to shareholders. Additionally, Adjusted EBITDA excludes Other Income and Expense, which is primarily comprised of the non-cash impacts of fair value changes of securities we hold, including Root warrants and beneficial interests in securitizations. Following the acquisition of ADESA, Adjusted EBITDA also excludes the D&A component of cost of sales. Adjusted EBITDA includes non-Gift share-based compensation and other one-time items, which we will generally look to call out for visibility.

Detailed Reporting and Historical Data

The following slides lay out, on a one-time basis, detailed components and impacts on GPU, SG&A, and Adjusted EBITDA in Q1 and Q2 of 2022 (Part 1), and a historical time series of the same metrics and impacts back to Q1 2021 (Part 2). Beginning in Q3 2022, ADESA results will be fully consolidated with Carvana from a financial reporting perspective, with the exception of wholesale marketplace units, wholesale marketplace revenue, and wholesale marketplace gross profit, which will be available in the 10-Q.



Part 1: Q2 2022 Summary

Q2 2022 Total GPU Summary

<i>All numbers are per retail unit sold</i>	Q1 2022	Q2 2022			Sequential Δ	
		Carvana	ADESA*	Consolidated	Carvana	Consolidated
[1] Retail GPU	\$ 808	\$ 1,131	\$ -	\$ 1,131	\$ 323	\$ 323
[2] Wholesale GPU	219	340	43	383	121	164
[3] Other GPU	1,806	1,854	-	1,854	48	48
[4] Total GPU, GAAP	\$ 2,833	\$ 3,325	\$ 43	\$ 3,368	\$ 492	\$ 535
[5] D&A	76	102	128	230	26	154
[6] Gift	76	51	-	51	(25)	(25)
[7] RIF	-	34	-	34	34	34
[8] Total GPU, excluding above items	\$ 2,985	\$ 3,512	\$ 171	\$ 3,683	\$ 527	\$ 698
[9] Total GPU, excluding Gift & RIF	\$ 2,909	\$ 3,410	\$ 43	\$ 3,453	\$ 501	\$ 544

Numbers may not foot due to rounding.

Notes

* ADESA gross profit includes 53 days of gross profit based on our closing date of May 9, 2022. ADESA gross profit is included in wholesale gross profit and wholesale GPU in our consolidated financial results.

[5] D&A includes depreciation and amortization expenses included in cost of sales.

[6] Gift includes costs related to our CEO's gift of personal stock to Carvana employees.

[7] RIF includes costs related to our May 2022 reduction in force.

Q2 2022 SG&A per Unit Summary

<i>All numbers are per retail unit sold</i>	Q1 2022	Q2 2022			Sequential Δ	
		Carvana	ADESA*	Consolidated	Carvana	Consolidated
[1] Compensation and benefits	\$ 2,434	\$ 2,016	\$ 128	\$ 2,144	\$ (418)	\$ (290)
[2] Advertising	1,474	1,114	-	1,114	(360)	(360)
[3] Market occupancy	219	204	-	204	(15)	(15)
[4] Logistics	532	604	-	604	72	72
[5] Other	2,253	1,965	102	2,067	(288)	(186)
[6] Total, GAAP	\$ 6,912	\$ 5,903	\$ 230	\$ 6,133	\$ (1,009)	\$ (779)
[7] D&A	352	374	43	417	22	65
[8] Gift	190	34	-	34	(156)	(156)
[9] SBC ex Gift	95	77	-	77	(18)	(18)
[10] RIF	-	85	-	85	85	85
[11] Total, excluding above items	\$ 6,275	\$ 5,333	\$ 187	\$ 5,520	\$ (942)	\$ (755)

Numbers may not foot due to rounding.

Notes

* ADESA SG&A expense includes 53 days of expenses based on our closing date of May 9, 2022.

[7] D&A includes depreciation and amortization expense, other than those included in cost of sales.

[8] Gift includes expenses related to our CEO's gift of personal stock to Carvana employees.

[9] SBC ex Gift includes share-based compensation expense, other than that related to our CEO's gift of personal stock to Carvana employees.

[10] RIF includes expenses related to our May 2022 reduction in force.

Q2 2022 SG&A Expense Summary (\$m)

All numbers are dollars in millions

	Q1 2022	Q2 2022			Sequential Δ	
		Carvana	ADESA*	Consolidated	Carvana	Consolidated
[1] Compensation and benefits	\$ 256	\$ 237	\$ 15	\$ 252	\$ (19)	\$ (4)
[2] Advertising	155	131	-	131	(24)	(24)
[3] Market occupancy	23	24	-	24	1	1
[4] Logistics	56	71	-	71	15	15
[5] Other	237	231	12	\$ 243	(6)	6
[6] Total, GAAP	\$ 727	\$ 694	\$ 27	\$ 721	\$ (33)	\$ (6)
[7] D&A	37	44	5	49	7	12
[8] Gift	20	4	-	4	(16)	(16)
[9] SBC ex Gift	10	9	-	9	(1)	(1)
[10] RIF	-	10	-	10	10	10
[11] Total, excluding above items	\$ 660	\$ 627	\$ 22	\$ 649	\$ (33)	\$ (11)

Numbers may not foot due to rounding.

Notes

* ADESA SG&A expense includes 53 days of expenses based on our closing date of May 9, 2022.

[7] D&A includes depreciation and amortization expense, other than those included in cost of sales.

[8] Gift includes expenses related to our CEO's gift of personal stock to Carvana employees.

[9] SBC ex Gift includes share-based compensation expense, other than that related to our CEO's gift of personal stock to Carvana employees.

[10] RIF includes expenses related to our May 2022 reduction in force.

Q2 2022 Adjusted EBITDA Summary (\$m)

<i>All numbers are dollars in millions</i>	Q1 2022	Q2 2022			Sequential Δ	
		Carvana	ADESA*	Consolidated	Carvana	Consolidated
[1] Revenue	\$ 3,497	\$ 3,776	\$ 108	\$ 3,884	\$ 279	\$ 387
[2] Gross profit, GAAP	298	391	5	396	93	98
Less:						
[3] SG&A expense, GAAP	727	694	27	721	(33)	(6)
Add back:						
[4] D&A	45	56	20	76	11	31
[5] SBC ex Gift	10	9	-	9	(1)	(1)
[6] Gift	28	10	-	10	(18)	(18)
[7] RIF	-	14	-	14	14	14
[8] Adjusted EBITDA ex SBC ex RIF	\$ (346)	\$ (214)	\$ (2)	\$ (216)	\$ 132	\$ 130
[9] As % of consolidated revenue	-9.9%	-5.5%	-0.1%	-5.6%	4.4%	4.3%

Numbers may not foot due to rounding.

Notes

* ADESA SG&A revenue and expense includes 53 days of expenses based on our closing date of May 9, 2022.

[4] D&A includes depreciation and amortization expenses in cost of sales and SG&A expense.

[5] SBC ex Gift includes share-based compensation expense in SG&A expense other than that related to our CEO's gift of personal stock to Carvana employees.

[6] Gift includes expenses related to our CEO's gift of personal stock to Carvana employees in cost of sales and SG&A expense.

[7] RIF includes expenses related to our May 2022 reduction in force in cost of sales and SG&A expense.

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Part 2: Historical Quarters

Historical Total GPU and Contributors

	<i>Per retail unit sold</i>					
	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>
[1] Total GPU, GAAP	\$ 3,656	\$ 5,120	\$ 4,672	\$ 4,566	\$ 2,833	\$ 3,368
[2] D&A	54	56	54	62	76	230
[3] Gift	-	-	-	-	76	51
[4] RIF	-	-	-	-	-	34
[5] Total GPU, excluding above items	\$ 3,710	\$ 5,176	\$ 4,726	\$ 4,628	\$ 2,985	\$ 3,683
[6] Of which ADESA	-	-	-	-	-	171
[7] Of which Carvana	\$ 3,710	\$ 5,176	\$ 4,726	\$ 4,628	\$ 2,985	\$ 3,512

Notes

[2] D&A includes depreciation and amortization expenses included in cost of sales. In Q2 2022, D&A includes a \$128 impact from ADESA.

[3] Gift includes costs related to our CEO's gift of personal stock to Carvana employees.

[4] RIF includes costs related to our May 2022 reduction in force.

[6] ADESA contribution to GPU includes 53 days of gross profit based on our closing date of May 9, 2022. ADESA gross profit is included in wholesale gross profit and wholesale GPU in our consolidated financial results.

Historical Total SG&A per Unit and Contributors

	<i>Per retail unit sold</i>					
	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>
[1] Total SG&A, GAAP	\$ 4,294	\$ 4,359	\$ 4,877	\$ 5,486	\$ 6,912	\$ 6,133
[2] D&A	238	223	232	292	352	417
[3] Gift	-	-	-	-	190	34
[4] SBC ex Gift	87	83	98	97	95	77
[5] RIF	-	-	-	-	-	85
[6] Total SG&A, excluding above items	\$ 3,969	\$ 4,053	\$ 4,547	\$ 5,097	\$ 6,275	\$ 5,520
[7] Of which ADESA	-	-	-	-	-	187
[8] Of which Carvana	\$ 3,969	\$ 4,053	\$ 4,547	\$ 5,097	\$ 6,275	\$ 5,333

Notes

[2] D&A includes depreciation and amortization expenses, other than those included in cost of sales.

[3] Gift includes expenses related to our CEO's gift of personal stock to Carvana employees.

[4] SBC ex Gift includes share-based compensation expense other than that related to our CEO's gift of personal stock to Carvana employees.

[5] RIF includes expenses related to our May 2022 reduction in force.

[7] ADESA SG&A expense includes 53 days of expenses based on our closing date of May 9, 2022.

Historical Total SG&A Expense and Contributors (\$m)

	<i>Millions of dollars</i>					
	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>
[1] Total SG&A, GAAP	\$ 397	\$ 470	\$ 546	\$ 620	\$ 727	\$ 721
[2] D&A	22	24	26	33	37	49
[3] Gift	-	-	-	-	20	4
[4] SBC ex Gift	8	9	11	11	10	9
[5] RIF	-	-	-	-	-	10
[6] Total SG&A, excluding above items	\$ 367	\$ 437	\$ 509	\$ 576	\$ 660	\$ 649
[7] Of which ADESA	-	-	-	-	-	22
[8] Of which Carvana	\$ 367	\$ 437	\$ 509	\$ 576	\$ 660	\$ 627

Notes

[2] D&A includes depreciation and amortization expenses, other than those included in cost of sales.

[3] Gift includes expenses related to our CEO's gift of personal stock to Carvana employees.

[4] SBC ex Gift includes share-based compensation expense other than that related to our CEO's gift of personal stock to Carvana employees.

[5] RIF includes expenses related to our May 2022 reduction in force.

[7] ADESA SG&A expense includes 53 days of expenses based on our closing date of May 9, 2022.

Historical Adjusted EBITDA and Contributors (\$m)

		<i>Millions of dollars</i>					
		<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>
[1]	Revenue	\$ 2,245	\$ 3,336	\$ 3,480	\$ 3,753	\$ 3,497	\$ 3,884
[2]	Gross profit, GAAP	338	552	523	516	298	396
Less:							
[3]	SG&A expense, GAAP	397	470	546	620	727	721
Add back:							
[4]	D&A	27	30	32	40	45	76
[5]	Gift	-	-	-	-	28	10
[6]	SBC ex Gift	8	9	11	11	10	9
[7]	RIF	-	-	-	-	-	14
[8]	Adjusted EBITDA ex SBC ex RIF	\$ (24)	\$ 121	\$ 20	\$ (53)	\$ (346)	\$ (216)
[9]	Of which ADESA	-	-	-	-	-	(2)
[10]	Of which Carvana	\$ (24)	\$ 121	\$ 20	\$ (53)	\$ (346)	\$ (214)

Notes

[4] D&A includes depreciation and amortization expenses in cost of sales and SG&A expense.

[5] Gift includes expenses related to our CEO's gift of personal stock to Carvana employees in cost of sales and SG&A expense.

[6] SBC ex Gift includes share-based compensation expense in SG&A expense other than that related to our CEO's gift of personal stock to Carvana employees.

[7] RIF includes expenses related to our May 2022 reduction in force in cost of sales and SG&A expense.

[9] ADESA Adjusted EBITDA includes 53 days of revenue and expenses based on our closing date of May 9, 2022.