

# Supplemental Financial Tables

Q2 2023



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# Supplemental Financial Tables

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Carvana's long-term financial goal is to generate significant GAAP net income and free cash flow. However, in the near-term, we are focused on driving progress in a set of intermediate (Non-GAAP) financial metrics that are key inputs into that long-term goal. In order to clearly demonstrate our progress and highlight the most meaningful drivers within our business, we introduced two new non-GAAP financial metrics and an update to our Adjusted EBITDA definition as part of our Q4 2022 reporting and we continue referencing these metrics in our Q2 2023 reporting. The Non-GAAP metrics presented in these tables do not represent and should not be considered an alternative to net loss, gross profit, or SG&A, as determined by U.S. GAAP.

**Non-GAAP Gross Profit and Non-GAAP GPU** – Non-GAAP Gross Profit is defined as GAAP Gross Profit plus depreciation and amortization in cost of sales, share-based compensation including the CEO Milestone Gift in cost of sales, and restructuring costs, minus revenue related to our Root warrants. Non-GAAP GPU is Non-GAAP Gross Profit divided by retail vehicle unit sales.

**Non-GAAP SG&A and Non-GAAP SG&A per Unit** – Non-GAAP SG&A is defined as GAAP SG&A minus depreciation and amortization in SG&A, share-based compensation including the CEO Milestone Gift in SG&A, and restructuring costs. Non-GAAP SG&A per Unit is Non-GAAP SG&A divided by retail vehicle unit sales.

**Adjusted EBITDA and Adjusted EBITDA Margin** – Adjusted EBITDA is defined as net loss plus income tax expense, interest expense, other (income) expense, net, depreciation and amortization in cost of sales and SG&A, goodwill impairment, share-based compensation including the CEO Milestone Gift in cost of sales and SG&A, and restructuring costs, minus revenue related to our Root warrants. Following the ADESA Acquisition, we are also excluding depreciation and amortization in cost of sales, which has historically been only a small component of cost of sales. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of total revenues.

Also of note, these non-GAAP metrics allow for a simple formula for understanding the business:

$$\text{Non-GAAP Gross Profit} \textit{ minus} \text{ Non-GAAP SG\&A} = \text{Adjusted EBITDA}$$

# Q2 2023 Total GPU and Adjusted EBITDA Impacts

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Total GPU and Adjusted EBITDA were positively impacted by two non-recurring items that we estimate increased GAAP and Non-GAAP GPU by ~\$900 and Adjusted EBITDA by ~\$70 million.

## 1. Greater than Normalized Loan Sale Volume

- In Q4 2022 and Q1 2023, we sold a lower volume of loans than we originated. This led to an increase in loans held for sale on our balance sheet at the end of Q1. In Q2, we sold ~\$1.93 billion of loan principal, which was more than we originated, reducing our loans held for sale balance from \$1.6 billion at the end of Q1 to \$1.1 billion at the end of Q2.
- We estimate that selling and earning interest on a higher-than-normalized volume of loans relative to retail units sold in Q2 increased Other Gross Profit by ~\$50 million, or ~\$650 per retail unit sold.

## 2. Retail Inventory Allowance Adjustment

- Retail GPU in Q2 benefitted from a ~\$20 million retail inventory allowance adjustment as we successfully reduced our inventory size and sold through more of our aged retail inventory that we reserved against in Q4 2022. This benefitted Q2 Retail GPU by ~\$250 per retail unit, other things being equal.

# Quarterly Units

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
<i>Retail Units Sold</i>	92,457	107,815	111,949	113,016	105,185	117,564	102,570	86,977	79,240	76,530
<i>Wholesale vehicle units sold</i>	26,040	47,052	50,204	46,760	50,280	55,299	47,763	39,918	35,110	46,453
<i>Wholesale marketplace units sold</i>	-	-	-	-	-	111,883	193,061	180,389	213,764	227,698

# Quarterly GPU

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
<i>Per retail unit sold</i>										
(1) Retail GPU, GAAP	\$ 1,211	\$ 2,022	\$ 1,769	\$ 1,495	\$ 808	\$ 1,131	\$ 1,131	\$ 425	\$ 1,388	\$ 2,666
(2) Wholesale GPU, GAAP	228	547	420	549	219	383	448	230	883	849
(3) Other GPU, GAAP	2,217	2,551	2,483	2,522	1,806	1,854	1,921	1,564	2,032	3,005
(4) Total GPU, GAAP	\$ 3,656	\$ 5,120	\$ 4,672	\$ 4,566	\$ 2,833	\$ 3,368	\$ 3,500	\$ 2,219	\$ 4,303	\$ 6,520
(5) D&A	54	56	54	62	76	230	351	494	556	575
(6) Gift	-	-	-	-	76	51	19	-	-	-
(7) Root warrant revenue	-	-	-	-	-	-	-	(80)	(63)	(65)
(8) Restructuring	-	-	-	-	-	34	-	34	-	-
(9) Total GPU, Non-GAAP	\$ 3,710	\$ 5,176	\$ 4,726	\$ 4,628	\$ 2,985	\$ 3,683	\$ 3,870	\$ 2,667	\$ 4,796	\$ 7,030

Higher-Than-Normalized Volume of Loans Held and Sold: \$ ~(650)

Retail Inventory Allowance Adjustment: \$ ~(250)

Numbers may not foot due to rounding.

## Notes

(5) D&A includes depreciation and amortization expenses in cost of sales.

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

(7) Root warrant revenue represents the non-cash impact of earning Root warrants associated with our partnership with Root.

(8) Restructuring includes costs related to our May 2022 and November 2022 reductions in force.

# Quarterly Retail GPU

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
<i>Dollars in millions</i>										
(1) Retail revenue	\$ 1,800	\$ 2,504	\$ 2,650	\$ 2,897	\$ 2,732	\$ 2,962	\$ 2,492	\$ 2,068	\$ 1,827	\$ 1,961
(2) Retail cost of sales, GAAP	1,688	2,286	2,452	2,728	2,647	2,829	2,376	2,031	1,717	1,757
(3) Retail gross profit, GAAP	\$ 112	\$ 218	\$ 198	\$ 169	\$ 85	\$ 133	\$ 116	\$ 37	\$ 110	\$ 204
(4) D&A	4	5	5	6	7	11	12	15	16	15
(5) Gift	-	-	-	-	8	6	2	-	-	-
(6) Restructuring	-	-	-	-	-	4	-	3	-	-
(7) Retail gross profit, Non-GAAP	\$ 116	\$ 223	\$ 203	\$ 175	\$ 100	\$ 154	\$ 130	\$ 55	\$ 126	\$ 219
<i>Per retail unit sold</i>										
(8) Retail revenue	\$ 19,468	\$ 23,225	\$ 23,671	\$ 25,634	\$ 25,973	\$ 25,194	\$ 24,296	\$ 23,776	\$ 23,056	\$ 25,624
(9) Retail cost of sales, GAAP	18,257	21,203	21,902	24,138	25,165	24,063	23,165	23,351	21,668	22,958
(10) Retail GPU, GAAP	\$ 1,211	\$ 2,022	\$ 1,769	\$ 1,495	\$ 808	\$ 1,131	\$ 1,131	\$ 425	\$ 1,388	\$ 2,666
(11) D&A	43	46	45	53	66	93	118	173	203	196
(12) Gift	-	-	-	-	76	51	19	-	-	-
(13) Restructuring	-	-	-	-	-	34	-	34	-	-
(14) Retail GPU, Non-GAAP	\$ 1,254	\$ 2,068	\$ 1,814	\$ 1,549	\$ 950	\$ 1,309	\$ 1,268	\$ 632	\$ 1,591	\$ 2,862

Retail Inventory Allowance Adjustment: \$ ~(250)

## Notes

(4) D&A includes depreciation and amortization expenses in cost of sales.

(5) Gift includes costs related to our CEO's gift of personal stock to Carvana employees.

Numbers may not foot due to rounding.

# Quarterly Wholesale Vehicle GPU

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
<i>Dollars in millions</i>										
(1) Wholesale vehicle revenue	\$ 240	\$ 557	\$ 552	\$ 571	\$ 575	\$ 596	\$ 504	\$ 444	\$ 407	\$ 554
(2) Wholesale vehicle cost of sales, GAAP	219	498	505	509	552	556	471	428	363	515
(3) Wholesale vehicle gross profit, GAAP	\$ 21	\$ 59	\$ 47	\$ 62	\$ 23	\$ 40	\$ 33	\$ 16	\$ 44	\$ 39
(4) D&A	1	1	1	1	1	1	2	3	2	3
(5) Wholesale vehicle gross profit, Non-GAAP	\$ 22	\$ 60	\$ 48	\$ 63	\$ 24	\$ 41	\$ 35	\$ 19	\$ 46	\$ 42
<i>Per retail unit sold</i>										
(6) Wholesale vehicle revenue	\$ 2,596	\$ 5,166	\$ 4,931	\$ 5,052	\$ 5,467	\$ 5,070	\$ 4,913	\$ 5,105	\$ 5,136	\$ 7,239
(7) Wholesale vehicle cost of sales, GAAP	2,368	4,619	4,511	4,504	5,248	4,730	4,592	4,921	4,581	6,730
(8) Wholesale vehicle GPU, GAAP	\$ 228	\$ 547	\$ 420	\$ 549	\$ 219	\$ 340	\$ 321	\$ 184	\$ 555	\$ 509
(9) D&A	11	9	9	9	10	9	19	34	25	39
(10) Wholesale vehicle GPU, Non-GAAP	\$ 239	\$ 556	\$ 429	\$ 557	\$ 229	\$ 349	\$ 340	\$ 218	\$ 580	\$ 548

Numbers may not foot due to rounding.

## Notes

(4) D&A includes depreciation and amortization expenses in cost of sales.

# Quarterly Wholesale Marketplace GPU

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
<i>Dollars in millions</i>										
(1) Wholesale marketplace revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108	\$ 193	\$ 189	\$ 211	\$ 223
(2) Wholesale marketplace cost of sales, GAAP	-	-	-	-	-	103	180	185	185	197
(3) Wholesale marketplace gross profit, GAAP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 13	\$ 4	\$ 26	\$ 26
(4) D&A	-	-	-	-	-	15	22	25	26	26
(5) Wholesale marketplace gross profit, Non-GAAP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 35	\$ 29	\$ 52	\$ 52
<i>Per retail unit sold</i>										
(6) Wholesale marketplace revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 919	\$ 1,882	\$ 2,173	\$ 2,663	\$ 2,914
(7) Wholesale marketplace cost of sales, GAAP	-	-	-	-	-	876	1,755	2,127	2,335	2,574
(8) Wholesale marketplace GPU, GAAP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43	\$ 127	\$ 46	\$ 328	\$ 340
(9) D&A	-	-	-	-	-	128	214	287	328	340
(10) Wholesale marketplace GPU, Non-GAAP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171	\$ 341	\$ 333	\$ 656	\$ 680

Numbers may not foot due to rounding.

## Notes

(4) D&A includes depreciation and amortization expenses in cost of sales.



# Quarterly Other GPU

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
<i>Dollars in millions</i>										
(1) Other gross profit, GAAP	\$ 205	\$ 275	\$ 278	\$ 285	\$ 190	\$ 218	\$ 197	\$ 136	\$ 161	\$ 230
(2) Root warrant revenue	-	-	-	-	-	-	-	(7)	(5)	(5)
(3) Other gross profit, Non-GAAP	\$ 205	\$ 275	\$ 278	\$ 285	\$ 190	\$ 218	\$ 197	\$ 129	\$ 156	\$ 225
<i>Per retail unit sold</i>										
(4) Other gross profit, GAAP	\$ 2,217	\$ 2,551	\$ 2,483	\$ 2,522	\$ 1,806	\$ 1,854	\$ 1,921	\$ 1,564	\$ 2,032	\$ 3,005
(5) Root warrant revenue	-	-	-	-	-	-	-	(80)	(63)	(65)
(6) Other gross profit, Non-GAAP	\$ 2,217	\$ 2,551	\$ 2,483	\$ 2,522	\$ 1,806	\$ 1,854	\$ 1,921	\$ 1,483	\$ 1,969	\$ 2,940

Higher-Than-Normalized Volume of Loans Held and Sold: \$ ~(650)

Numbers may not foot due to rounding.

## Notes

(2) Root warrant revenue represents the non-cash impact of earning Root warrants associated with our partnership with Root.

# Quarterly SG&A Expense (\$m)

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
<i>Dollars in millions</i>										
(1) Compensation and benefits	\$ 126	\$ 148	\$ 181	\$ 212	\$ 256	\$ 252	\$ 223	\$ 212	\$ 176	\$ 163
(2) Advertising	100	119	126	134	155	131	117	87	56	57
(3) Market occupancy	13	15	18	24	23	24	23	23	21	18
(4) Logistics	30	34	40	44	56	71	57	51	35	29
(5) Other	128	154	181	206	237	243	236	259	184	185
(6) Total SG&A, GAAP	\$ 397	\$ 470	\$ 546	\$ 620	\$ 727	\$ 721	\$ 656	\$ 632	\$ 472	\$ 452
(7) D&A	22	24	26	33	37	49	57	57	49	46
(8) Gift SBC	-	-	-	-	18	4	2	-	(1)	-
(9) SBC ex Gift	8	9	11	11	10	9	14	12	16	20
(10) Restructuring	-	-	-	-	-	10	-	40	4	3
(11) Total SG&A, Non-GAAP	\$ 367	\$ 437	\$ 509	\$ 576	\$ 662	\$ 649	\$ 583	\$ 523	\$ 404	\$ 383

Numbers may not foot due to rounding.

## Notes

(7) D&A includes depreciation and amortization expenses in SG&A expense.

(8) Gift SBC includes costs related to our CEO's gift of personal stock to Carvana employees.

(9) 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.

(10) Restructuring includes costs related to our May 2022 and November 2022 reductions in force, as well as lease termination and other restructuring expenses.

# Quarterly SG&A Per Retail Unit

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
<i>Per retail unit sold</i>										
(1) Compensation and benefits	\$ 1,363	\$ 1,373	\$ 1,617	\$ 1,876	\$ 2,434	\$ 2,144	\$ 2,174	\$ 2,437	\$ 2,221	\$ 2,130
(2) Advertising	1,082	1,104	1,126	1,186	1,474	1,114	1,141	1,000	707	745
(3) Market occupancy	141	139	161	212	219	204	224	265	265	235
(4) Logistics	324	315	357	389	532	604	556	586	442	379
(5) Other	1,384	1,428	1,617	1,823	2,253	2,067	2,301	2,978	2,322	2,417
(6) Total SG&A, GAAP	\$ 4,294	\$ 4,359	\$ 4,877	\$ 5,486	\$ 6,912	\$ 6,133	\$ 6,396	\$ 7,266	\$ 5,957	\$ 5,906
(7) D&A	238	223	232	292	352	417	556	655	618	601
(8) Gift SBC	-	-	-	-	171	34	19	-	(12)	-
(9) SBC ex Gift	87	83	98	97	95	77	136	138	202	261
(10) Restructuring	-	-	-	-	-	85	-	460	51	39
(11) Total SG&A per Unit, Non-GAAP	\$ 3,969	\$ 4,053	\$ 4,547	\$ 5,097	\$ 6,294	\$ 5,520	\$ 5,684	\$ 6,013	\$ 5,098	\$ 5,005

Numbers may not foot due to rounding.

## Notes

(7) D&A includes depreciation and amortization expenses in SG&A expense.

(8) Gift SBC includes costs related to our CEO's gift of personal stock to Carvana employees.

(9) 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.

(10) Restructuring includes costs related to our May 2022 and November 2022 reductions in force, as well as lease termination and other restructuring expenses.

# Quarterly Adjusted EBITDA (\$m)

	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>
<i>Dollars in millions</i>										
(1) Revenue	\$ 2,245	\$ 3,336	\$ 3,480	\$ 3,753	\$ 3,497	\$ 3,884	\$ 3,386	\$ 2,837	\$ 2,606	\$ 2,968
(2) Gross profit, GAAP	338	552	523	516	298	396	359	193	341	499
Less:										
(3) SG&A expense, GAAP	397	470	546	620	727	721	656	632	472	452
Add back:										
(4) D&A	27	30	32	40	45	76	93	100	93	90
(5) Gift SBC	-	-	-	-	26	10	4	-	(1)	-
(6) SBC ex Gift	8	9	11	11	10	9	14	12	16	20
(7) Root warrant revenue	-	-	-	-	-	-	-	(7)	(5)	(5)
(8) Restructuring	-	-	-	-	-	14	-	43	4	3
(9) Adjusted EBITDA	\$ (24)	\$ 121	\$ 20	\$ (53)	\$ (348)	\$ (216)	\$ (186)	\$ (291)	\$ (24)	\$ 155
(10) Net income (loss)	\$ (82)	\$ 45	\$ (68)	\$ (182)	\$ (506)	\$ (439)	\$ (508)	\$ (1,441)	\$ (286)	\$ (105)

Higher-Than-Normalized Volume of Loans Held and Sold: \$ ~ (50)

Retail Inventory Allowance Adjustment: \$ ~ (20)

## Notes

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

(5) Gift SBC includes costs related to our CEO's gift of personal stock to Carvana employees.

Numbers may not foot due to rounding.

(7) Root warrant revenue represents the non-cash impact of earning Root warrants associated with our partnership with Root.

(8) Restructuring includes costs related to our May 2022 and November 2022 reductions in force, as well as lease termination and other restructuring expenses.

(10) Net Income (Loss) includes a non-cash goodwill impairment charge of \$847 million in Q4 2022.