

Q3 2022
Supplemental
Financial Tables
November 3, 2022



[carvana.com](https://www.carvana.com)

CARVANA



Supplemental Financial Tables

Q2 2022 and Q3 2022 involved a number of changes to our business, including a partial quarter of results in Q2 2022 from the ADESA U.S. (“ADESA”) wholesale auction marketplace business, which we acquired on May 9, 2022. 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 in these two quarters, 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 and Q3 2022, ADESA wholesale marketplace cost of sales included \$15 million and \$22 million of D&A, respectively.

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 aide 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 detailed components and impacts on GPU, SG&A, and Adjusted EBITDA in Q2 and Q3 of 2022 (Part 1), and a historical time series of the same metrics and impacts back to Q1 2021 (Part 2). As ADESA and Carvana operations are rapidly becoming more deeply integrated, we do not expect to report separate Carvana and ADESA SG&A and Adjusted EBITDA going forward.

A large, light blue circle in the top left corner of the slide.

Part 1: Q3 2022 Summary

Q3 2022 Total GPU Summary

	Q2 2022			Q3 2022			Sequential Δ	
	Carvana	ADESA*	Consolidated	Carvana	ADESA*	Consolidated	Carvana	Consolidated
<i>All numbers are per retail unit sold</i>								
[1] Retail GPU	\$ 1,131	\$ -	\$ 1,131	\$ 1,131	\$ -	\$ 1,131	\$ -	\$ -
[2] Wholesale GPU	340	43	383	321	127	448	(19)	65
[3] Other GPU	1,854	-	1,854	1,921	-	1,921	67	67
[4] Total GPU, GAAP	\$ 3,325	\$ 43	\$ 3,368	\$ 3,373	\$ 127	\$ 3,500	\$ 48	\$ 132
[5] D&A	102	128	230	137	214	351	35	121
[6] Gift	51	-	51	19	-	19	(32)	(32)
[7] RIF	34	-	34	-	-	-	(34)	(34)
[8] Total GPU, excluding above items	\$ 3,512	\$ 171	\$ 3,683	\$ 3,529	\$ 341	\$ 3,870	\$ 17	\$ 187
[9] Total GPU, excluding Gift & RIF	\$ 3,410	\$ 43	\$ 3,453	\$ 3,392	\$ 127	\$ 3,519	\$ (18)	\$ 66

Numbers may not foot due to rounding.

Notes

*In Q2 2022, 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.

Q3 2022 SG&A per Unit Summary

<i>All numbers are per retail unit sold</i>	Q2 2022			Q3 2022			Sequential Δ	
	<u>Carvana</u>	<u>ADESA*</u>	<u>Consolidated</u>	<u>Carvana</u>	<u>ADESA*</u>	<u>Consolidated</u>	<u>Carvana</u>	<u>Consolidated</u>
[1] Compensation and benefits	\$ 2,016	\$ 128	\$ 2,144	\$ 1,911	\$ 263	\$ 2,174	\$ (105)	\$ 30
[2] Advertising	1,114	-	1,114	1,141	-	\$ 1,141	27	27
[3] Market occupancy	204	-	204	224	-	\$ 224	20	20
[4] Logistics	604	-	604	556	-	\$ 556	(48)	(48)
[5] Other	1,965	102	2,067	2,067	234	\$ 2,301	102	234
[6] Total, GAAP	\$ 5,903	\$ 230	\$ 6,133	\$ 5,898	\$ 497	\$ 6,396	\$ (5)	\$ 263
[7] D&A	374	43	417	468	88	556	94	139
[8] Gift	34	-	34	19	-	19	(15)	(15)
[9] SBC ex Gift	77	-	77	136	-	136	59	59
[10] RIF	85	-	85	-	-	-	(85)	(85)
[11] Total, excluding above items	\$ 5,333	\$ 187	\$ 5,520	\$ 5,274	\$ 409	\$ 5,684	\$ (59)	\$ 164

Numbers may not foot due to rounding.

Notes

*In Q2 2022, 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.

Q3 2022 SG&A Expense Summary (\$m)

All numbers are dollars in millions

	Q2 2022			Q3 2022			Sequential Δ	
	<u>Carvana</u>	<u>ADESA*</u>	<u>Consolidated</u>	<u>Carvana</u>	<u>ADESA*</u>	<u>Consolidated</u>	<u>Carvana</u>	<u>Consolidated</u>
[1] Compensation and benefits	\$ 237	\$ 15	\$ 252	\$ 196	\$ 27	\$ 223	\$ (41)	\$ (29)
[2] Advertising	131	-	131	117	-	117	(14)	(14)
[3] Market occupancy	24	-	24	23	-	23	(1)	(1)
[4] Logistics	71	-	71	57	-	57	(14)	(14)
[5] Other	231	12	\$ 243	\$ 212	\$ 24	\$ 236	(19)	(7)
[6] Total, GAAP	\$ 694	\$ 27	\$ 721	\$ 605	\$ 51	\$ 656	\$ (89)	\$ (65)
[7] D&A	44	5	49	48	9	57	4	8
[8] Gift	4	-	4	2	-	2	(2)	(2)
[9] SBC ex Gift	9	-	9	14	-	14	5	5
[10] RIF	10	-	10	-	-	-	(10)	(10)
[11] Total, excluding above items	\$ 627	\$ 22	\$ 649	\$ 541	\$ 42	\$ 583	\$ (86)	\$ (66)

Numbers may not foot due to rounding.

Notes

*In Q2 2022, 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.

Q3 2022 Adjusted EBITDA Summary (\$m)

All numbers are dollars in millions	Q2 2022			Q3 2022			Sequential Δ	
	Carvana	ADESA*	Consolidated	Carvana	ADESA**	Consolidated	Carvana	Consolidated
[1] Revenue	\$ 3,776	\$ 108	\$ 3,884	\$ 3,193	\$ 193	\$ 3,386	\$ (583)	\$ (498)
[2] Gross profit, GAAP	391	5	396	346	13	359	(45)	(37)
Less:								
[3] SG&A expense, GAAP	694	27	721	605	51	656	(89)	(65)
Add back:								
[4] D&A	56	20	76	62	31	93	6	17
[5] Gift	10	-	10	4	-	4	(6)	(6)
[6] SBC ex Gift	9	-	9	14	-	14	5	5
[7] RIF	14	-	14	-	-	-	(14)	(14)
[8] Adjusted EBITDA ex SBC ex RIF	\$ (214)	\$ (2)	\$ (216)	\$ (179)	\$ (7)	\$ (186)	\$ 35	\$ 30
[9] As % of consolidated revenue	-5.5%	-0.1%	-5.6%	-5.3%	-0.2%	-5.5%	0.2%	0.1%

Notes

*In Q2 2022, ADESA revenue, gross profit, and expense include 53 days of results based on our closing date of May 9, 2022.

**ADESA Q3 2022 Adj. EBITDA includes a \$7 million deduction for earnings from Carvana and KAR Global. Absent this deduction, ADESA was approximately breakeven.

[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.

Numbers may not foot due to rounding.

A large, light blue circle in the top left corner of the slide.

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>	<u>Q3 2022</u>
[1] Total GPU, GAAP	\$ 3,656	\$ 5,120	\$ 4,672	\$ 4,566	\$ 2,833	\$ 3,368	\$ 3,500
[2] D&A	54	56	54	62	76	230	351
[3] Gift	-	-	-	-	76	51	19
[4] RIF	-	-	-	-	-	34	-
[5] Total GPU, excluding above items	\$ 3,710	\$ 5,176	\$ 4,726	\$ 4,628	\$ 2,985	\$ 3,683	\$ 3,870
[6] Of which ADESA	-	-	-	-	-	171	341
[7] Of which Carvana	\$ 3,710	\$ 5,176	\$ 4,726	\$ 4,628	\$ 2,985	\$ 3,512	\$ 3,529

Numbers may not foot due to rounding.

Notes

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

[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 in Q2 2022 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>	<u>Q3 2022</u>
[1] Total SG&A, GAAP	\$ 4,294	\$ 4,359	\$ 4,877	\$ 5,486	\$ 6,912	\$ 6,133	\$ 6,396
[2] D&A	238	223	232	292	352	417	556
[3] Gift	-	-	-	-	190	34	19
[4] SBC ex Gift	87	83	98	97	95	77	136
[5] RIF	-	-	-	-	-	85	-
[6] Total SG&A, excluding above items	\$ 3,969	\$ 4,053	\$ 4,547	\$ 5,097	\$ 6,275	\$ 5,520	\$ 5,684
[7] Of which ADESA	-	-	-	-	-	187	409
[8] Of which Carvana	\$ 3,969	\$ 4,053	\$ 4,547	\$ 5,097	\$ 6,275	\$ 5,333	\$ 5,274

Numbers may not foot due to rounding.

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 in Q2 2022 includes 53 days of expenses based on our closing date of May 9, 2022.

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

Millions of dollars

	<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>
[1] Total SG&A, GAAP	\$ 397	\$ 470	\$ 546	\$ 620	\$ 727	\$ 721	\$ 656
[2] D&A	22	24	26	33	37	49	57
[3] Gift	-	-	-	-	20	4	2
[4] SBC ex Gift	8	9	11	11	10	9	14
[5] RIF	-	-	-	-	-	10	-
[6] Total SG&A, excluding above items	\$ 367	\$ 437	\$ 509	\$ 576	\$ 660	\$ 649	\$ 583
[7] Of which ADESA	-	-	-	-	-	22	42
[8] Of which Carvana	\$ 367	\$ 437	\$ 509	\$ 576	\$ 660	\$ 627	\$ 541

Numbers may not foot due to rounding.

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 in Q2 2022 includes 53 days of expenses based on our closing date of May 9, 2022.

Historical Adjusted EBITDA and Contributors (\$m)

Millions of dollars

	<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>
[1] Revenue	\$ 2,245	\$ 3,336	\$ 3,480	\$ 3,753	\$ 3,497	\$ 3,884	\$ 3,386
[2] Gross profit, GAAP	338	552	523	516	298	396	359
Less:							
[3] SG&A expense, GAAP	397	470	546	620	727	721	656
Add back:							
[4] D&A	27	30	32	40	45	76	93
[5] Gift	-	-	-	-	28	10	4
[6] SBC ex Gift	8	9	11	11	10	9	14
[7] RIF	-	-	-	-	-	14	-
[8] Adjusted EBITDA ex SBC ex RIF	\$ (24)	\$ 121	\$ 20	\$ (53)	\$ (346)	\$ (216)	\$ (186)
[9] Of which ADESA	-	-	-	-	-	(2)	(7)
[10] Of which Carvana	\$ (24)	\$ 121	\$ 20	\$ (53)	\$ (346)	\$ (214)	\$ (179)

Numbers may not foot due to rounding.

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 in Q2 2022 includes 53 days of revenue and expenses based on our closing date of May 9, 2022. ADESA Q3 2022 Adjusted EBITDA includes a \$7 million deduction for earnings from Carvana and KAR Global. Absent this deduction, ADESA was approximately breakeven.