

Supplemental Financial Tables

Q4 2022



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Supplemental Financial Tables

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 are introducing two new non-GAAP financial metrics and an update to our Adjusted EBITDA definition starting with our Q4 2022 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.

New Metrics

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 plus 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 definitions of Non-GAAP Gross Profit, Non-GAAP SG&A Expense, and Adjusted EBITDA allow for a simple formula for understanding the business:

- Non-GAAP Gross Profit *less* Non-GAAP SG&A Expense = Adjusted EBITDA

Q4 2022 Total GPU and Adjusted EBITDA Impacts

- Q4 2022 was a unique quarter in which we incurred several impacts to Total GPU and Adjusted EBITDA that we do not expect to recur in future quarters. These impacts are described below.

1. Retail inventory allowance adjustment

- We recorded a \$52 million retail inventory allowance adjustment to value our retail inventory at the lower of cost or net realizable value. This adjustment was primarily driven by elevated industry-wide retail depreciation rates and higher-than-normalized inventory size relative to sales volumes. This adjustment reduced Q4 Retail GPU by \$598 per retail unit.

2. Wholesale adjustments

- We recorded a \$5 million wholesale inventory allowance adjustment to value our wholesale inventory at the lower of cost or net realizable value, primarily due to elevated industry-wide wholesale depreciation rates. In addition, we elected to sell certain retail vehicles in the wholesale market resulting in a gross loss of \$4 million. The sum of these two items reduced Q4 Wholesale GPU by \$103 per retail unit.

3. Loan sale timing impact

- We shifted the timing of a sale of a pool of loans to Ally from December to January to align with the upside and extension of our forward flow purchase agreement. We estimate that this shift reduced Q4 Other Gross Profit by \$42 million, or \$483 per retail unit sold, based on the actual sales price of the loans we realized in January less incremental interest income we earned on the loans in December.

4. Estimated impact of selling aged inventory

- Our Q4 Retail GPU was also impacted by carrying higher-than-normalized inventory size relative to sales volumes. One way to highlight this impact is to isolate Retail GPU on vehicles sold within 90 days of acquisition. In Q4, retail cars sold within 90 days of acquisition date realized ~\$600 per retail unit higher Retail GPU compared to retail units in aggregate. While we do not expect to realize this impact in Q1, this represents a near-term opportunity as we transition to a normalized inventory level.

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> |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Per retail unit sold</i> | | | | | | | | |
| [1] Retail GPU, GAAP | \$ 1,211 | \$ 2,022 | \$ 1,769 | \$ 1,495 | \$ 808 | \$ 1,131 | \$ 1,131 | \$ 425 |
| [2] Wholesale GPU, GAAP | 228 | 547 | 420 | 549 | 219 | 383 | 448 | 230 |
| [3] Other GPU, GAAP | 2,217 | 2,551 | 2,483 | 2,522 | 1,806 | 1,854 | 1,921 | 1,564 |
| [4] Total GPU, GAAP | \$ 3,656 | \$ 5,120 | \$ 4,672 | \$ 4,566 | \$ 2,833 | \$ 3,368 | \$ 3,500 | \$ 2,219 |
| [5] D&A | 54 | 56 | 54 | 62 | 76 | 230 | 351 | 494 |
| [6] Gift | - | - | - | - | 76 | 51 | 19 | - |
| [7] Root warrant revenue | - | - | - | - | - | - | - | (80) |
| [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 |

| | |
|--|--------|
| Retail Inventory Allowance Adjustment: | \$ 598 |
| Wholesale Adjustments: | 103 |
| Impact of Loan Sale Timing: | 483 |
| Impact of Aged Inventory: | 600 |

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.

Numbers may not foot due to rounding.

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> |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Dollars in millions</i> | | | | | | | | |
| [1] Retail revenue | \$ 1,800 | \$ 2,504 | \$ 2,650 | \$ 2,897 | \$ 2,732 | \$ 2,962 | \$ 2,492 | \$ 2,068 |
| [2] Retail cost of sales, GAAP | 1,688 | 2,286 | 2,452 | 2,728 | 2,647 | 2,829 | 2,376 | 2,031 |
| [3] Retail gross profit, GAAP | \$ 112 | \$ 218 | \$ 198 | \$ 169 | \$ 85 | \$ 133 | \$ 116 | \$ 37 |
| [4] D&A | 4 | 5 | 5 | 6 | 7 | 11 | 12 | 15 |
| [5] Gift | - | - | - | - | 8 | 6 | 2 | - |
| [6] Restructuring | - | - | - | - | - | 4 | - | 3 |
| [7] Retail gross profit, Non-GAAP | \$ 116 | \$ 223 | \$ 203 | \$ 175 | \$ 100 | \$ 154 | \$ 130 | \$ 55 |
| <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 |
| [9] Retail cost of sales, GAAP | 18,257 | 21,203 | 21,902 | 24,138 | 25,165 | 24,063 | 23,165 | 23,351 |
| [10] Retail GPU, GAAP | \$ 1,211 | \$ 2,022 | \$ 1,769 | \$ 1,495 | \$ 808 | \$ 1,131 | \$ 1,131 | \$ 425 |
| [11] D&A | 43 | 46 | 45 | 53 | 66 | 93 | 118 | 173 |
| [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 |

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.

Retail Inventory Allowance Adjustment: \$ 598

Impact of Aged Inventory: 600

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> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Dollars in millions</i> | | | | | | | | |
| [1] Wholesale vehicle revenue | \$ 240 | \$ 557 | \$ 552 | \$ 571 | \$ 575 | \$ 596 | \$ 504 | \$ 444 |
| [2] Wholesale vehicle cost of sales, GAAP | 219 | 498 | 505 | 509 | 552 | 556 | 471 | 428 |
| [3] Wholesale vehicle gross profit, GAAP | \$ 21 | \$ 59 | \$ 47 | \$ 62 | \$ 23 | \$ 40 | \$ 33 | \$ 16 |
| [4] D&A | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 3 |
| [5] Wholesale vehicle profit, Non-GAAP | \$ 22 | \$ 60 | \$ 48 | \$ 63 | \$ 24 | \$ 41 | \$ 35 | \$ 19 |
| <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 |
| [7] Wholesale vehicle cost of sales, GAAP | 2,368 | 4,619 | 4,511 | 4,504 | 5,248 | 4,730 | 4,592 | 4,921 |
| [8] Wholesale vehicle GPU, GAAP | \$ 228 | \$ 547 | \$ 420 | \$ 549 | \$ 219 | \$ 340 | \$ 321 | \$ 184 |
| [9] D&A | 11 | 9 | 9 | 9 | 10 | 9 | 19 | 34 |
| [10] Wholesale vehicle GPU, Non-GAAP | \$ 239 | \$ 556 | \$ 429 | \$ 557 | \$ 229 | \$ 349 | \$ 340 | \$ 218 |

Wholesale Adjustments: \$ 103

Notes

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

Numbers may not foot due to rounding.

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> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Dollars in millions</i> | | | | | | | | |
| [1] Wholesale marketplace revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 108 | \$ 193 | \$ 189 |
| [2] Wholesale marketplace cost of sales, GAAP | - | - | - | - | - | 103 | 180 | 185 |
| [3] Wholesale marketplace gross profit, GAAP | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5 | \$ 13 | \$ 4 |
| [4] D&A | - | - | - | - | - | 15 | 22 | 25 |
| [5] Wholesale marketplace gross profit, Non-GAAP | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 20 | \$ 35 | \$ 29 |
| <i>Per retail unit sold</i> | | | | | | | | |
| [6] Wholesale marketplace revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 919 | \$ 1,882 | \$ 2,173 |
| [7] Wholesale marketplace cost of sales, GAAP | - | - | - | - | - | 876 | 1,755 | 2,127 |
| [8] Wholesale marketplace GPU, GAAP | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 43 | \$ 127 | \$ 46 |
| [9] D&A | - | - | - | - | - | 128 | 214 | 287 |
| [10] Wholesale marketplace GPU, Non-GAAP | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 171 | \$ 341 | \$ 333 |

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> |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Dollars in millions</i> | | | | | | | | |
| [1] Other gross profit, GAAP | \$ 205 | \$ 275 | \$ 278 | \$ 285 | \$ 190 | \$ 218 | \$ 197 | \$ 136 |
| [2] Root warrant revenue | - | - | - | - | - | - | - | (7) |
| [3] Other gross profit, Non-GAAP | \$ 205 | \$ 275 | \$ 278 | \$ 285 | \$ 190 | \$ 218 | \$ 197 | \$ 129 |
| <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 |
| [5] Root warrant revenue | - | - | - | - | - | - | - | (80) |
| [6] Other gross profit, Non-GAAP | \$ 2,217 | \$ 2,551 | \$ 2,483 | \$ 2,522 | \$ 1,806 | \$ 1,854 | \$ 1,921 | \$ 1,483 |

Impact of Loan Sale Timing: \$ 483

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.

Q4 2022 Sequential SG&A Reduction Bridge

Q4 2022 Sequential Changes in SG&A Expense

Dollars in millions

| | | |
|---|----|------|
| Q3 2022 SG&A, GAAP | \$ | 656 |
| Q4 2022 SG&A, GAAP | \$ | 632 |
| Q3 2022 SG&A, Non-GAAP | \$ | 583 |
| Sequential changes ex restructuring expenses: | | |
| Compensation and benefits | | (20) |
| Advertising | | (30) |
| Logistics | | (6) |
| Other | | (8) |
| Market occupancy | | - |
| D&A | | - |
| SBC | | 4 |
| Total | \$ | (60) |
| Q4 2022 SG&A, Non-GAAP | \$ | 523 |

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> |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Dollars in millions</i> | | | | | | | | |
| [1] Compensation and benefits | \$ 126 | \$ 148 | \$ 181 | \$ 212 | \$ 256 | \$ 252 | \$ 223 | \$ 212 |
| [2] Advertising | 100 | 119 | 126 | 134 | 155 | 131 | 117 | 87 |
| [3] Market occupancy | 13 | 15 | 18 | 24 | 23 | 24 | 23 | 23 |
| [4] Logistics | 30 | 34 | 40 | 44 | 56 | 71 | 57 | 51 |
| [5] Other | 128 | 154 | 181 | 206 | 237 | 243 | 236 | 259 |
| [6] Total SG&A, GAAP | \$ 397 | \$ 470 | \$ 546 | \$ 620 | \$ 727 | \$ 721 | \$ 656 | \$ 632 |
| [7] D&A | 22 | 24 | 26 | 33 | 37 | 49 | 57 | 57 |
| [8] Gift SBC | - | - | - | - | 18 | 4 | 2 | - |
| [9] SBC ex Gift | 8 | 9 | 11 | 11 | 10 | 9 | 14 | 12 |
| [10] Restructuring | - | - | - | - | - | 10 | - | 40 |
| [11] Total SG&A, Non-GAAP | \$ 367 | \$ 437 | \$ 509 | \$ 576 | \$ 662 | \$ 649 | \$ 583 | \$ 523 |

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> |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <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] Advertising | 1,082 | 1,104 | 1,126 | 1,186 | 1,474 | 1,114 | 1,141 | 1,000 |
| [3] Market occupancy | 141 | 139 | 161 | 212 | 219 | 204 | 224 | 265 |
| [4] Logistics | 324 | 315 | 357 | 389 | 532 | 604 | 556 | 586 |
| [5] Other | 1,384 | 1,428 | 1,617 | 1,823 | 2,253 | 2,067 | 2,301 | 2,978 |
| [6] Total SG&A, GAAP | \$ 4,294 | \$ 4,359 | \$ 4,877 | \$ 5,486 | \$ 6,912 | \$ 6,133 | \$ 6,396 | \$ 7,266 |
| [7] D&A | 238 | 223 | 232 | 292 | 352 | 417 | 556 | 655 |
| [8] Gift SBC | - | - | - | - | 171 | 34 | 19 | - |
| [9] SBC ex Gift | 87 | 83 | 98 | 97 | 95 | 77 | 136 | 138 |
| [10] Restructuring | - | - | - | - | - | 85 | - | 460 |
| [11] Total SG&A per Unit, Non-GAAP | \$ 3,969 | \$ 4,053 | \$ 4,547 | \$ 5,097 | \$ 6,294 | \$ 5,520 | \$ 5,684 | \$ 6,013 |

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> |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Dollars in millions</i> | | | | | | | | |
| [1] Revenue | \$ 2,245 | \$ 3,336 | \$ 3,480 | \$ 3,753 | \$ 3,497 | \$ 3,884 | \$ 3,386 | \$ 2,837 |
| [2] Gross profit, GAAP | 338 | 552 | 523 | 516 | 298 | 396 | 359 | 193 |
| Less: | | | | | | | | |
| [3] SG&A expense, GAAP | 397 | 470 | 546 | 620 | 727 | 721 | 656 | 632 |
| Add back: | | | | | | | | |
| [4] D&A | 27 | 30 | 32 | 40 | 45 | 76 | 93 | 100 |
| [5] Gift SBC | - | - | - | - | 26 | 10 | 4 | - |
| [6] SBC ex Gift | 8 | 9 | 11 | 11 | 10 | 9 | 14 | 12 |
| [7] Root warrant revenue | - | - | - | - | - | - | - | (7) |
| [8] Restructuring | - | - | - | - | - | 14 | - | 43 |
| [9] Adjusted EBITDA | \$ (24) | \$ 121 | \$ 20 | \$ (53) | \$ (348) | \$ (216) | \$ (186) | \$ (291) |
| [10] Net Income (Loss) | \$ (82) | \$ 45 | \$ (68) | \$ (182) | \$ (506) | \$ (439) | \$ (508) | \$ (1,441) |

Notes

Numbers may not foot due to rounding.

[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.

[6] Root warrant revenue represents the non-cash impact of earning Root warrants associated with our partnership with Root.

[7] 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.