



Introduction to Carvana

October 2024



SAFE HARBOR

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect Carvana's current expectations and projections with respect to, among other things, its financial condition, results of operations, plans, objectives, future performance, and business. These statements may be preceded by, followed by or include the words "aim," "anticipate," "believe," "estimate," "expect," "forecast," "intend," "likely," "outlook," "plan," "potential," "project," "projection," "seek," "can," "could," "may," "should," "would," "will," the negatives thereof and other words and terms of similar meaning. Forward-looking statements include all statements that are not historical facts. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Among these factors are risks related to the "Risk Factors" identified in our Annual Report on Form 10-K for 2023 and our Quarterly Reports on Form 10-Q. There is no assurance that any forward-looking statements will materialize. You are cautioned not to place undue reliance on forward-looking statements, which reflect expectations only as of this date. Carvana does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, or otherwise.

Market and Industry Data

This presentation includes information concerning economic conditions, the Company's industry, the Company's markets and the Company's competitive position that is based on a variety of sources, including information from independent industry analysts and publications, as well as Carvana's own estimates and research. Carvana's estimates are derived from publicly available information released by third party sources, as well as data from its internal research, and are based on such data and the Company's knowledge of its industry, which the Company believes to be reasonable. The independent industry publications used in this presentation were not prepared on the Company's behalf. While the Company is not aware of any misstatements regarding any information in this presentation, forecasts, assumptions, expectations, beliefs, estimates and projects involve risk and uncertainties and are subject to change based on various factors.

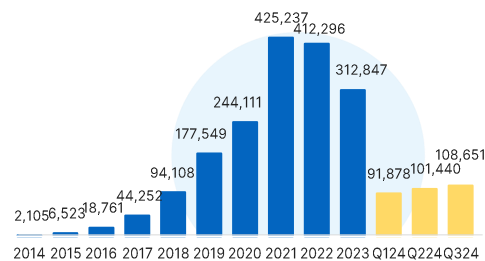
OUR MISSION IS
TO CHANGE THE WAY
PEOPLE BUY CARS.



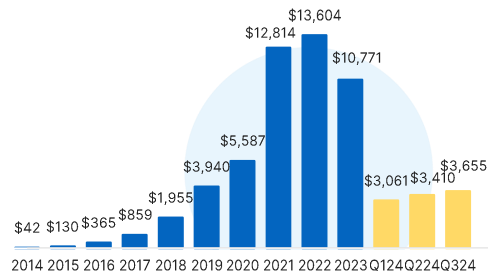
KEY OPERATING METRICS

SUCCESSFUL EXECUTION

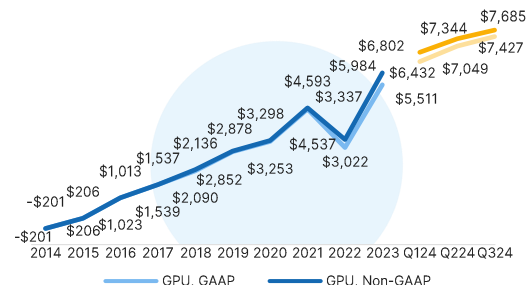
RETAIL UNITS SOLD



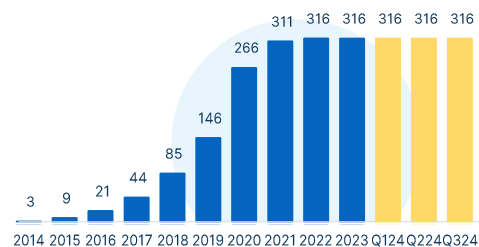
TOTAL REVENUE (\$M)



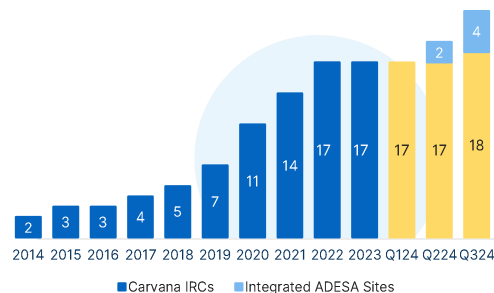
GROSS PROFIT PER UNIT



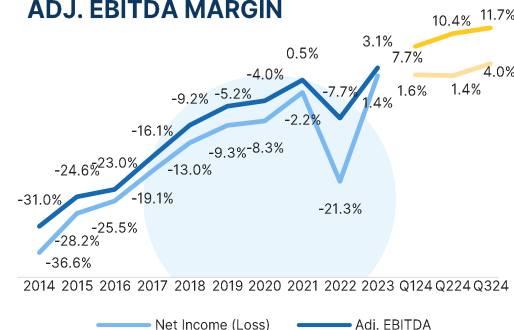
TOTAL MARKETS AT YEAR END



CARVANA IRC & INTEGRATED ADESA SITES*



NET INCOME (LOSS) AND ADJ. EBITDA MARGIN



* Our existing reconditioning infrastructure can support annual production capacity of over 1 million retail units

KEY INVESTMENT HIGHLIGHTS

MASSIVE, STABLE, FRAGMENTED MARKET

Exceptionally large and inefficient used car market

SUPERIOR CUSTOMER EXPERIENCE

Simple, seamless and differentiated used car buying experience

PROVEN GO-TO-MARKET STRATEGY

Demonstrated, capital-light market expansion playbook

VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

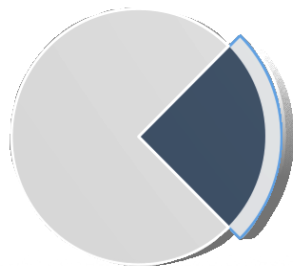
ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

MASSIVE, STABLE, FRAGMENTED MARKET

INDUSTRY OVERVIEW

Auto is...



\$1.2 Tn

in 2022 U.S. Sales ⁽¹⁾

22%

of U.S. Retail Economy in 2022 ⁽¹⁾

Massive



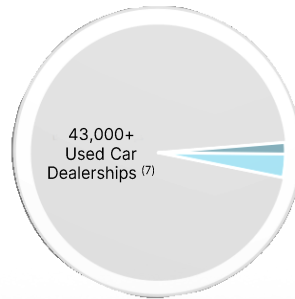
\$840 Bn

in 2019 U.S. Used Car Sales ⁽²⁾

2.0%

2017 – 2022 CAGR ⁽³⁾

Fragmented



43,000+
Used Car
Dealerships ⁽⁷⁾

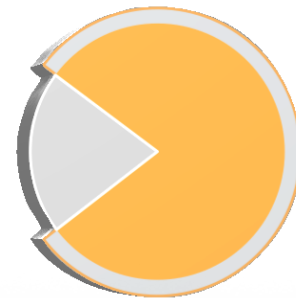
2.3%

U.S. Market Share of Largest
Dealer Brand ⁽⁴⁾

11.1%

Aggregate Market Share of
Top 100 Used Auto Retailers ⁽⁴⁾

& Ripe for Disruption



81%

Consumers Do Not Enjoy the
Car Buying Process ⁽⁵⁾

9%

Consumers Rated Car Salespeople
Highly Trustworthy ⁽⁶⁾

(1) NADA Data 2023 report
(4) 2021 Automotive News Top 100 Dealership Groups

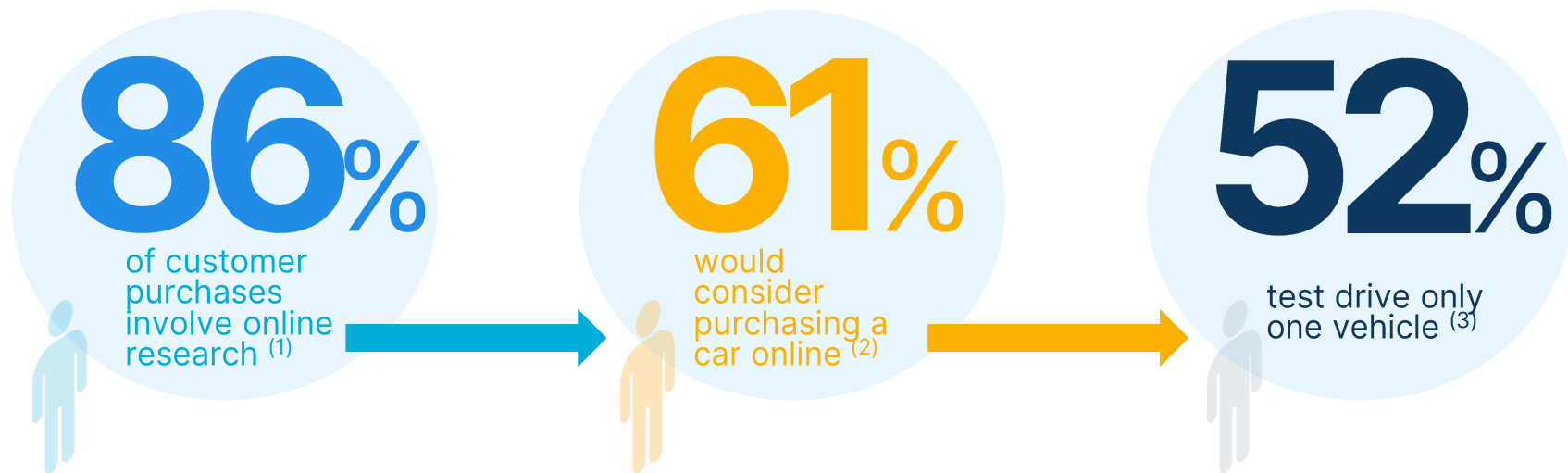
(2) Edmunds.com 2019 Used Vehicle Market report
(5) DealerSocket 2016 Independent Dealership Action report – Represents North American consumers

(3) Technavio 2017 U.S. Used Car Market report
(6) 2019 Gallup Poll

(7) Borrell Associates

MASSIVE, STABLE, FRAGMENTED MARKET

DIGITAL ECONOMY IS TRANSFORMING CAR BUYING



SUPERIOR CUSTOMER EXPERIENCE

CARVANA'S VISION IS FOCUSED ON PROVIDING OUR CUSTOMERS WITH:

Best Experience

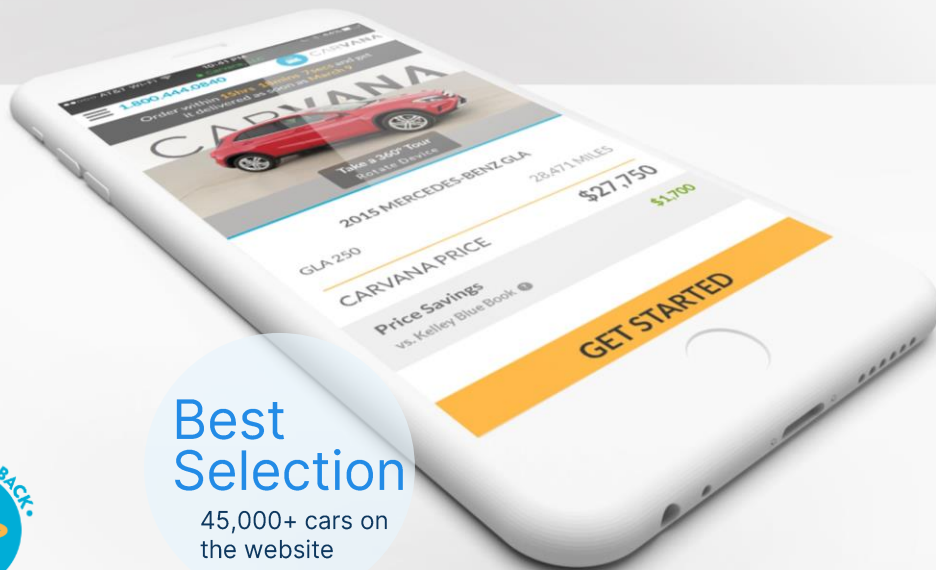
10 minutes – time in which purchase can be completed after vehicle selection

As soon as Same Day car deliveries in select markets



Best Selection

45,000+ cars on the website



Best Value

Lower prices than other brick-and-mortar dealers and never any doc or dealer fees

SUPERIOR CUSTOMER EXPERIENCE

A SIMPLE AND SEAMLESS CAR BUYING EXPERIENCE

Vehicle Search & Discovery From Any Device

Intuitive vehicle search with 45,000+ vehicles on the website

Trade or Sell – All Online

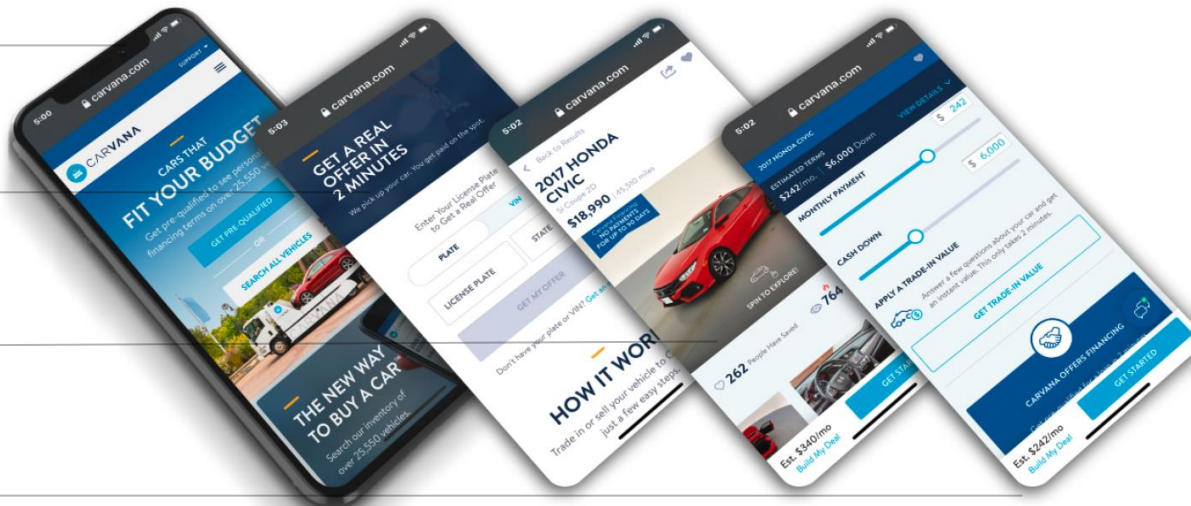
Nearly instantaneous, fully automated contingent trade-in offers

Real-Time, Personalized Financing

Majority of customers have chosen to finance with Carvana

Seamless Transaction Technology

Buy a car without leaving your device



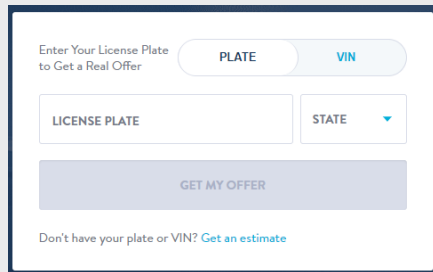
SUPERIOR CUSTOMER EXPERIENCE

A BETTER WAY TO SELL A CAR

SIMPLE

Three step process:

1. Input license plate or VIN
2. Enter vehicle details, and
3. Answer a few questions



Enter Your License Plate to Get a Real Offer

PLATE VIN

LICENSE PLATE STATE

GET MY OFFER

Don't have your plate or VIN? [Get an estimate](#)

AUTOMATED

Our artificial intelligence algorithms determine a contingent real-time offer for the customer

No haggling

Guaranteed for 7 days or 1,000 miles



CONVENIENT

You schedule a time that's convenient for you to drop the vehicle off at a Carvana location or you can schedule a time to have the car picked up using our last-mile delivery network

We'll review and hand you a check on the spot

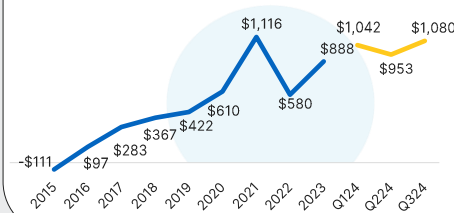


DATA-DRIVEN

Our vehicle data and valuation technology enables strong gross profit per wholesale unit

\$1,080 Wholesale Vehicle GPU*

WHOLESALE VEHICLE GROSS PROFIT PER WHOLESALE UNIT



SUPERIOR CUSTOMER EXPERIENCE

CREATING DIFFERENTIATED FULFILLMENT EXPERIENCES



Carvana Delivery

- Scheduled appointments with delivery as soon as the same day in certain markets
- Delivered by Carvana-uniformed employee in a branded, custom single or two car hauler, in our markets

Vending Machine

- Operation efficiencies combined with strong branding
- 39 vending machines currently operational ⁽¹⁾
- Creates a unique video of the experience for customers to share via social media



(1) As of October 30, 2024

SUPERIOR CUSTOMER EXPERIENCE

DELIVERING SUPERIOR CUSTOMER EXPERIENCES

4.7

★★★★★
Rating ⁽¹⁾

212,000+

Customer Reviews
on Carvana.com ⁽¹⁾

85%

Would Recommend
To A Friend ⁽²⁾

67

Net Promoter Score
(NPS) ⁽³⁾

“Carvana will
change the
way cars are
sold.”

“Carvana is
the bomb!”

“I never
thought car
buying could
be enjoyable.”



GROWING UNITS & REVENUE

PROVEN EXPANSION STRATEGY

Repeatable Market Entry Playbook

Active Team of
Expansion Advocates

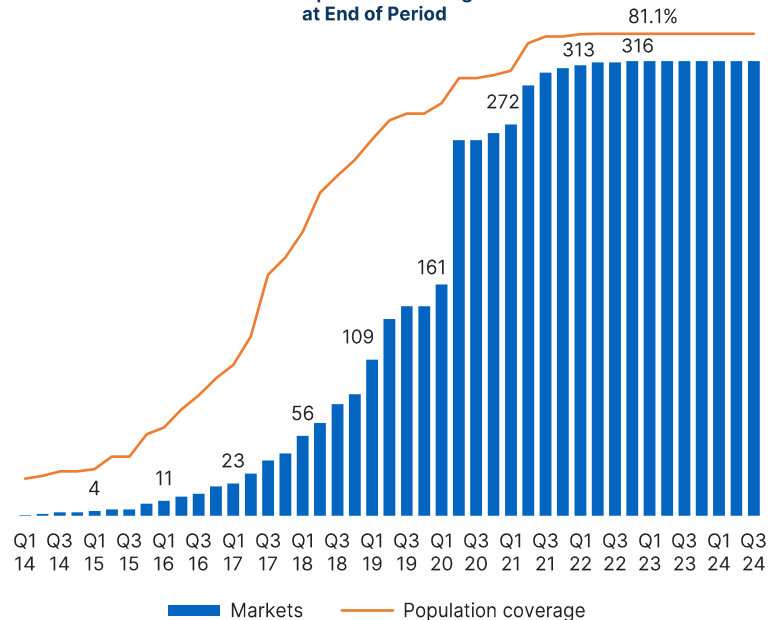
CapEx Light Market
Launch

Connect to Logistics
Network

Turn on Marketing
Program

Enabling Rapid Expansion of Operating Markets

Carvana U.S. Population Coverage & Markets
at End of Period



VERTICAL INTEGRATION & FULFILLMENT

SUPPORTED BY PROPRIETARY VEHICLE ACQUISITION ALGORITHM

Vehicle Inventory Acquisition






Auction & Other Sources

- Manheim, ADESA, Smart Auction
- Enterprise, Hertz
- Customers

Quality Screening

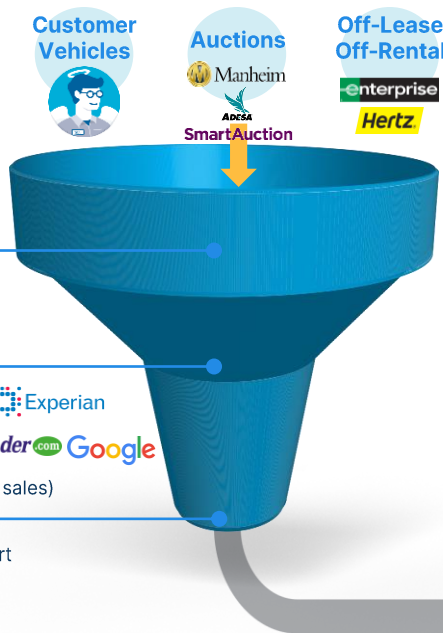
- Year, Mileage

Apply Data

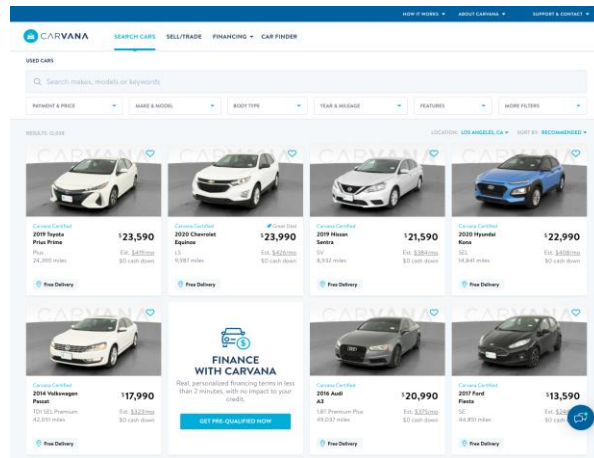
- Vehicle Reporting  
- Market Data   
- Carvana Data (clickstream, historical sales)

Optimization

- Expected pricing, recon, and transport
- Fit with existing inventory



45,000+ cars on the website in all markets vs. 11-200 at typical dealers ⁽¹⁾



(1) 2019 NIADA Used Car Industry report based on 2018 data
Note: 45,000+ total website units as of September 30, 2024

VERTICAL INTEGRATION & FULFILLMENT

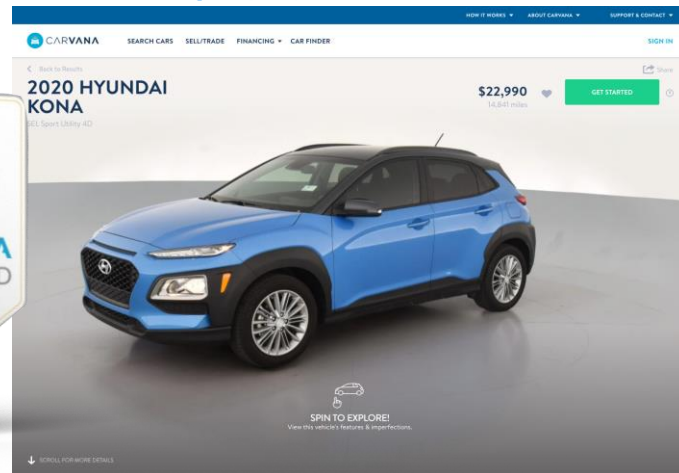
IN-HOUSE INSPECTION, RECONDITIONING & MERCHANDIZING

Inspection and Reconditioning



- Ability to buy all car types and recondition them to a consistent car quality
- Annual capacity of over 1m units at full IRC utilization*
- Robust processes and internal expertise to set up future IRCs as needed

Photography and Annotation

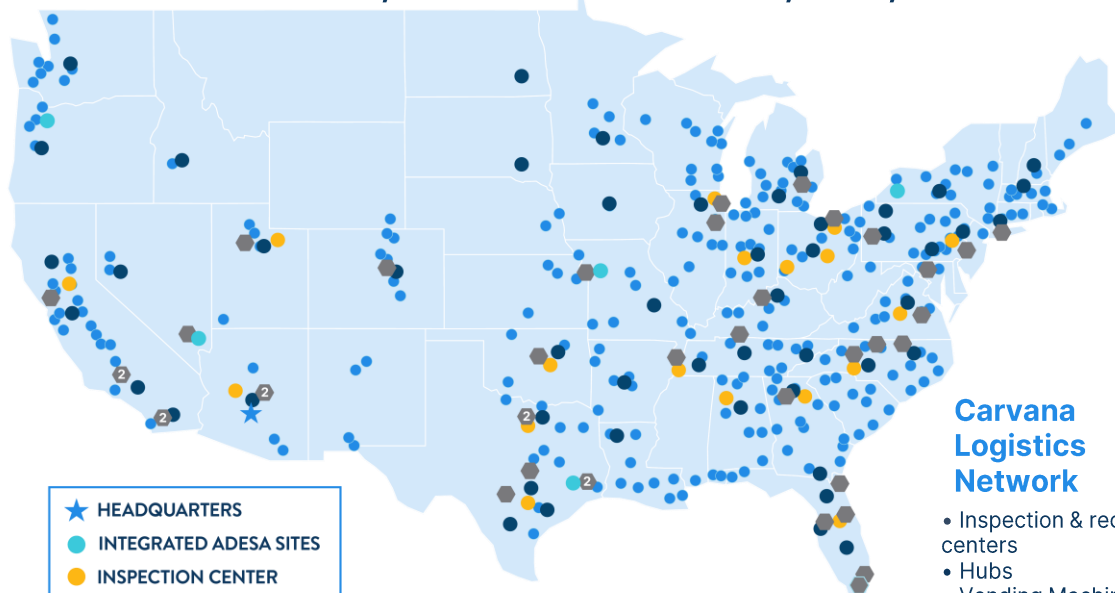


- 360-degree, interactive exterior and interior virtual tour of each vehicle
- Patented imaging technology
- Transparency to the customer through annotation of material defects

VERTICAL INTEGRATION & FULFILLMENT

BACKED BY IN-HOUSE LOGISTICS NETWORK

CARVANA MARKETS, VENDING MACHINES, IRCs, AND ADESA SITES



- ★ HEADQUARTERS
- INTEGRATED ADESA SITES
- INSPECTION CENTER
- ADESA SITE
- MARKETS
- VENDING MACHINES

Carvana Logistics Network

- Inspection & reconditioning centers
- Hubs
- Vending Machines

Connected through the hub-and-spoke Carvana Logistics Network

Premium Fulfillment Capabilities

Control over delivery times enables seamless customer experience

Speed of delivery drives conversion

Centralized inventory powers broad selection

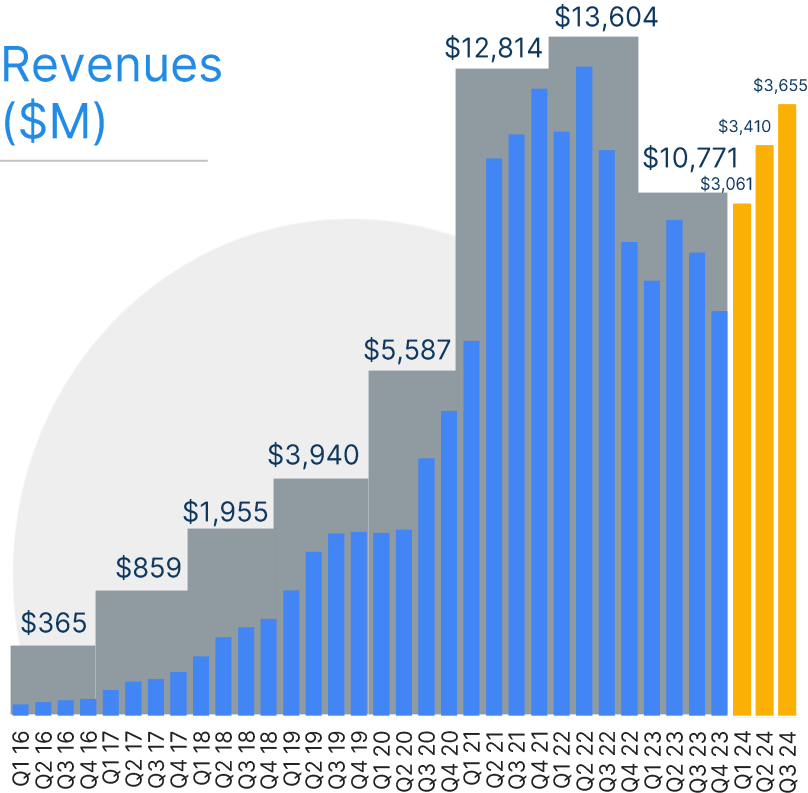
Enables vehicle cost arbitrage across geographies

Lower cost than using third-party shipping

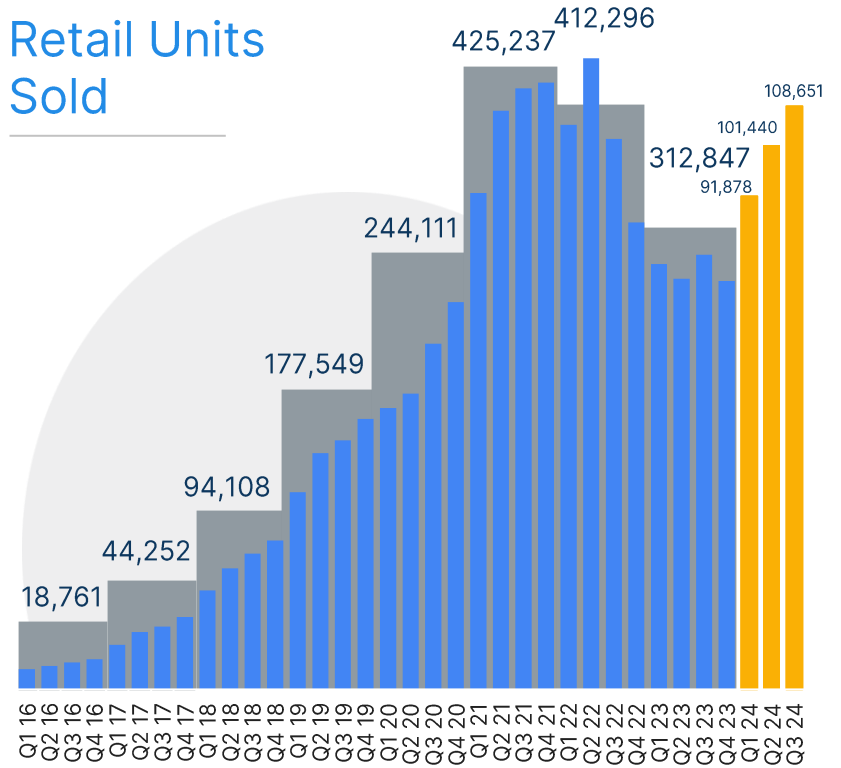
GROWING UNITS & REVENUE

RAPID SECULAR GROWTH

Revenues
(\$M)



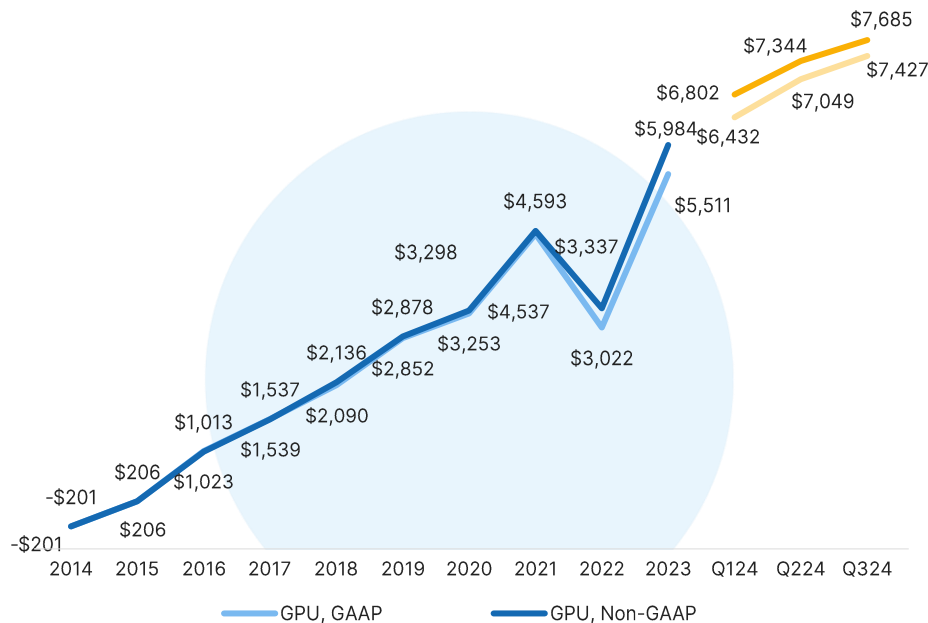
Retail Units
Sold



EXPANDING GPU & OPERATING METRICS

GROWTH LEVERAGING UNIT ECONOMICS

GROSS PROFIT PER UNIT



Key Drivers of Gross Profit Expansion

-  Scale provides cost of sales efficiencies
-  Increase retail cars sourced from customers
-  Increase wholesale cars sold
-  Increase conversion of existing products
-  Lower cost of funds on financing
-  Addition of new products and services
-  Reduce average days to sale

COMPETITIVE ADVANTAGES

INTEGRATION CREATES COMPETITIVE ADVANTAGES

Large-scale
Reconditioning



Internal
Logistics Network



Proprietary
Financing Platform

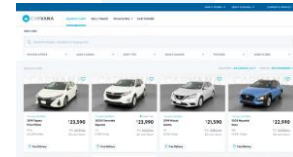


National Consumer
Focused Brand



Leading Fulfillment
Experience

Retail Marketplace











Physical
Wholesale Auction











Fully Transactable
E-Commerce Experience











OUR PURPOSE-BUILT, E-COMMERCE MODEL IS HIGHLY DIFFERENTIATED FROM THE TRADITIONAL BRICK-AND-MORTAR MODEL

	 CARVANA E-COMMERCE MODEL	 TRADITIONAL BRICK-AND-MORTAR MODEL
Vehicle Acquisition 	<ul style="list-style-type: none"> -National vehicle acquisition strategy -Selection optimized for single large scale inventory -Seamless online transaction with home pickup option for consumer-sourced vehicles 	<ul style="list-style-type: none"> -Local vehicle acquisition strategy -Selection optimized for many individual small scale dealership lots -In-person negotiation for customer-sourced vehicles
Reconditioning 	<ul style="list-style-type: none"> -Large scale inspection and reconditioning centers with manufacturing processes backed by proprietary software -in-sourcing of most key reconditioning functions 	<ul style="list-style-type: none"> -Small scale reconditioning shops, limiting fixed cost leverage, labor efficiency, or volume discount opportunities -Some functions outsourced to third-party providers
Fulfillment 	<ul style="list-style-type: none"> -National first-party fulfillment network optimized by proprietary self-developed technology -Purpose-built home delivery service in more than 300 markets 	<ul style="list-style-type: none"> -Outsourced to regional trucking companies of variable efficiency, quality, and timeliness
Customer Acquisition 	<ul style="list-style-type: none"> -National advertising -Large scale brand building drives long term gains in awareness -Low friction to visit Carvana.com website from desktop or mobile 	<ul style="list-style-type: none"> -Local advertising -Small scale leads to reliance on third-party listings sites to generate leads -Higher friction to visit a physical lot
Financing 	<ul style="list-style-type: none"> -In-house lending platform provides automated terms, proprietary credit scoring and centralized underwriting for all customers -Competitive cost of funds due to large scale platform with multiple monetization strategies 	<ul style="list-style-type: none"> -Financing outsourced to third parties, leading to higher costs and outsourced profit margin -Third-party lenders face higher costs, imperfect information about the customer and vehicle, and risk of adverse selection
Cost Structure 	<ul style="list-style-type: none"> -Higher upfront technology and infrastructure investment, but lower costs at scale 	<ul style="list-style-type: none"> -Small scale, site level hierarchy including high cost F&I and sales labor -Outsourced technology turns fixed costs into variable costs









LEADING TO A MORE CUSTOMER-CENTRIC OFFERING

	 CARVANA E-COMMERCE MODEL		 CUSTOMER OFFERING BENEFITS
Vehicle Acquisition 	<ul style="list-style-type: none"> -National vehicle acquisition strategy -Selection optimized for single large scale inventory -Seamless online transaction with home pickup option for consumer-sourced vehicles 	➔	<ul style="list-style-type: none"> -Best possible selection due to centralized, large, and diverse inventory pools connected through first-party logistics network -Access to a national market allows Carvana to adjust pricing based on broader market trends rather than local supply and demand fluctuations
Reconditioning 	<ul style="list-style-type: none"> -Large scale inspection and reconditioning centers with manufacturing processes backed by proprietary software -In-sourcing of most key reconditioning functions 	➔	<ul style="list-style-type: none"> -Universal standards result in consistently high quality vehicles -150-point inspection provides transparency and peace of mind -Stand behind quality with 7-day return policy
Fulfillment 	<ul style="list-style-type: none"> -National first-party fulfillment network optimized by proprietary self-developed technology -Purpose-built home delivery service in more than 300 markets 	➔	<ul style="list-style-type: none"> -Convenient, fast and reliable home delivery -Expands available selection through ability to move cars quickly and cost effectively nationwide
Customer Acquisition 	<ul style="list-style-type: none"> -National advertising -Large scale brand building drives long term gains in awareness -Low friction to visit Carvana.com website from desktop or mobile 	➔	<ul style="list-style-type: none"> -A self-guided, intuitive and easy-to-navigate website design ensures that users can effortlessly browse, buy, or sell vehicles from any device -Uniform experience in all geographic locations
Financing 	<ul style="list-style-type: none"> -In-house lending platform provides automated terms, proprietary credit scoring and centralized underwriting for all customers -Competitive cost of funds due to large scale platform with multiple monetization strategies 	➔	<ul style="list-style-type: none"> -Self-guided, convenient process gives customers ability to shop based on budget, down payment, and monthly payment -Nearly instantaneous financing terms on every vehicle in inventory increases transparency and control
Cost Structure 	<ul style="list-style-type: none"> -Higher upfront technology and infrastructure investment, but lower costs at scale 	➔	<ul style="list-style-type: none"> -Savings can be passed on to the customer through lower prices -Technology investment creates new tools to enhance customer experience

AND BETTER UNIT ECONOMICS, DRIVEN BY OUR NATIONAL INVENTORY, VERTICAL INTEGRATION, AND SCALE

	 CARVANA E-COMMERCE MODEL		 UNIT ECONOMICS BENEFITS
Vehicle Acquisition 	<ul style="list-style-type: none"> -National vehicle acquisition strategy -Selection optimized for single large scale inventory -Seamless online transaction with home pickup option for consumer-sourced vehicles 	➡	<ul style="list-style-type: none"> -Inventory model benefits from regional price discrepancies and broad demand for long-tail of used vehicles -Customer-sourcing allows better margin on retail cars acquired from consumers vs. other channels and enables wholesale gross profit
Reconditioning 	<ul style="list-style-type: none"> -Large scale inspection and reconditioning centers with manufacturing processes backed by proprietary software -In-sourcing of most key reconditioning functions 	➡	<ul style="list-style-type: none"> -Scale allows higher capacity utilization, discounts in parts procurement, and lower per unit overhead costs -Vertical integration lowers costs, internalizes third-party profit margins, reduces reconditioning timelines
Fulfillment 	<ul style="list-style-type: none"> -National first-party fulfillment network optimized by proprietary self-developed technology -Purpose-built home delivery service in more than 300 markets 	➡	<ul style="list-style-type: none"> -National logistics network makes inventory available to customers nationwide and enables additional revenue streams -Vertical integration lowers costs, internalizes third-party profit margins, and reduces transport timelines
Customer Acquisition 	<ul style="list-style-type: none"> -National advertising -Large scale brand building drives long term gains in awareness -Low friction to visit Carvana.com website from desktop or mobile 	➡	<ul style="list-style-type: none"> -Scaled national advertising leads to lower costs than local advertising -Model benefits from secular trend towards e-commerce over time
Financing 	<ul style="list-style-type: none"> -In-house lending platform provides automated terms, proprietary credit scoring and centralized underwriting for all customers -Competitive cost of funds due to large scale platform with multiple monetization strategies 	➡	<ul style="list-style-type: none"> -Vertical integration lowers costs, internalizes third-party profit margins, improves quality of customer and vehicle information, eliminates adverse selection, and allows for optimization of terms across entire inventory -Scale improves funding efficiency
Cost Structure 	<ul style="list-style-type: none"> -Higher upfront technology and infrastructure investment, but lower costs at scale 	➡	<ul style="list-style-type: none"> -Customer self service and AI eliminates high cost functions and manual tasks -Centralization of support functions allows for higher capacity utilization

ALL BACKED BY PROPRIETARY CUSTOM-BUILT TECHNOLOGY

	 CARVANA E-COMMERCE MODEL		 PROPRIETARY TECHNOLOGY SYSTEMS
Vehicle Acquisition 	<ul style="list-style-type: none"> -National vehicle acquisition strategy -Selection optimized for single large scale inventory -Seamless online transaction with home pickup option for consumer-sourced vehicles 	➔	<ul style="list-style-type: none"> -AI purchasing algorithm informed by realized and expressed consumer demand providing near instantaneous offers -Customers can appraise, schedule pick-up, and sell car in minutes on their mobile device
Reconditioning 	<ul style="list-style-type: none"> -Large scale inspection and reconditioning centers with manufacturing processes backed by proprietary software -In-sourcing of most key reconditioning functions 	➔	<ul style="list-style-type: none"> -CARLI system automates integration of systemized standards for process flow, reconditioning standards, and parts procurement -Patented imaging technology provides interactive interior and exterior virtual tour of vehicle
Fulfillment 	<ul style="list-style-type: none"> -National first-party fulfillment network optimized by proprietary self-developed technology -Purpose-built home delivery service in more than 300 markets 	➔	<ul style="list-style-type: none"> -Centralized scheduler optimizes network, hauler and labor utilization -Systems that standardize vehicle receiving, storing, staging and loading at all network locations
Customer Acquisition 	<ul style="list-style-type: none"> -National advertising -Large scale brand building drives long term gains in awareness -Low friction to visit Carvana.com website from desktop or mobile 	➔	<ul style="list-style-type: none"> -Robust testing of marketing spend over the last 10+ years -Products that nurture customers over time -AI to reduce transaction friction
Financing 	<ul style="list-style-type: none"> -In-house lending platform provides automated terms, proprietary credit scoring and centralized underwriting for all customers -Competitive cost of funds due to large scale platform with multiple monetization strategies 	➔	<ul style="list-style-type: none"> -Scorecard trained on data from 10+ years and over \$30B of loan originations -Digital financing interface provides terms and ability to sort by budget in a fraction of a second -AI automates key underwriting tasks
Cost Structure 	<ul style="list-style-type: none"> -Higher upfront technology and infrastructure investment, but lower costs at scale 	➔	<ul style="list-style-type: none"> -Integrated systems for customer service, title and registration, digital communication, and other functions to create a streamlined experience -High volume of data and technology focus enable AI leadership

COMPETITIVE ADVANTAGES

PROGRESS TOWARDS OUR FINANCIAL OBJECTIVES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Q3 2024	Long Term Target
YoY Revenue Growth	180%	135%	128%	101%	42%	129%	6%	-21%	32%	-
Gross Profit	5.3%	7.9%	10.1%	12.9%	14.2%	15.1%	9.2%	16.0%	22.1%	15 - 19%
Advertising	7.4%	6.5%	5.7%	5.2%	5.1%	3.7%	3.6%	2.1%	1.5%	1.0 - 1.5%
SG&A ex. Advertising and D&A	21.1%	18.2%	14.9%	13.7%	13.7%	11.3%	15.0%	12.9%	10.2%	4.5 - 5.5%
D&A	1.3%	1.3%	1.2%	1.0%	1.3%	1.0%	1.5%	1.7%	1.1%	0.5 - 1.0%
SG&A Total as % of Revenue	29.8%	26.0%	21.7%	20.0%	20.2%	15.9%	20.1%	16.7%	12.8%	6 - 8%
Net Income (loss) margin	-25.5%	-19.1%	-13.0%	-9.3%	-8.3%	-2.2%	-21.3%	1.4% ¹	4.0%	-
Adjusted EBITDA Margin²	-23.0%	-16.1%	-9.2%	-5.2%	-4.0%	0.5%	-7.7%	3.1%	11.7%	-
EBITDA Margin³										8 - 13.5%

1. Net Income margin in FY 2023 benefited from a one-time gain on debt extinguishment of ~\$878 million.
2. Adjusted EBITDA is defined as net income (loss) plus income tax provision, interest expense, other operating (income) expense, net, other (income) expense, net, depreciation and amortization expense in cost of sales and SG&A expenses, goodwill impairment, share-based compensation expense in cost of sales and SG&A expenses, loss on debt extinguishment, and restructuring costs, minus revenue related to our Root warrants and gain on debt extinguishment. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of total revenues. For additional information on Adjusted EBITDA and other Non-GAAP financial metrics referenced in this letter, please see the financial tables at the end of this letter and our Q3 2024 supplemental financial tables posted on our investor relations website.
3. EBITDA Margin is calculated as net income (loss) plus income tax provision, interest expense, and depreciation and amortization expense, divided by revenues.

COMPETITIVE ADVANTAGES

SIGNIFICANT GROWTH OPPORTUNITIES



COMPETITIVE ADVANTAGES

KEY INVESTMENT HIGHLIGHTS

MASSIVE, STABLE, FRAGMENTED MARKET

Exceptionally large and inefficient used car market

\$840B

2019 U.S. Used Car Sales ⁽¹⁾

2.3%

Largest dealer brand market share in the US ⁽⁶⁾

SUPERIOR CUSTOMER EXPERIENCE

Simple, seamless and differentiated used car buying experience

85%

Customers who would recommend to a friend ⁽⁵⁾

4.7/5.0

Average Customer Rating ⁽⁴⁾

PROVEN GO-TO-MARKET STRATEGY

Demonstrated, capital-light market expansion playbook

81.1%

U.S. Population Coverage ⁽⁴⁾

2nd

Largest used car dealer in the US ⁽²⁾

VERTICAL INTEGRATION & FULFILLMENT

Purpose-built vertically integrated platform

18

Existing Carvana IRCs ⁽³⁾

39

Existing Vending Machines ⁽³⁾

ROBUST FINANCIAL MODEL

Robust financial model supports growth and margin expansion

19%

Five Year Unit CAGR ⁽²⁾

2.0M

Retail Units Sold Since Inception ⁽⁴⁾

APPENDIX

NON-GAAP MEASURES

To supplement the consolidated financial measures, which are prepared and presented in accordance with GAAP, we also refer to the following non-GAAP measures in this presentation: Adjusted EBITDA, Adjusted EBITDA margin and Total gross profit per retail unit, Non-GAAP.

Adjusted EBITDA is defined as net income (loss) plus income tax provision, interest expense, other operating (income) expense, net, other (income) expense, net, depreciation and amortization expense, goodwill impairment, share-based compensation expense, and restructuring expense, minus revenue related to our Root Warrants and gain on debt extinguishment. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of total revenues.

Gross profit, non-GAAP is defined as GAAP gross profit plus depreciation and amortization expense in cost of sales, share-based compensation expense in cost of sales, and restructuring expense in cost of sales, minus revenue related to our Root Warrants. Total gross profit per retail unit, non-GAAP is Gross profit, non-GAAP divided by retail vehicle unit sales.

We believe that these metrics are useful measures to us and to our investors because they exclude certain financial, capital structure, and non-cash items that we do not believe directly reflect our core operations and may not be indicative of our recurring operations, in part because they may vary widely across time and within our industry independent of the performance of our core operations. We believe that excluding these items enables us to more effectively evaluate our performance period-over-period and relative to our competitors.

None of these Non-GAAP metrics should be considered as a substitute for other measures of financial performance reported in accordance with GAAP. In addition, the Company's definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies.

(dollars in millions, except per unit amounts)	For the Years Ended December 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net income (loss)	\$ (15)	\$ (37)	\$ (93)	\$ (164)	\$ (255)	\$ (365)	\$ (462)	\$ (287)	\$ (2,894)	\$ 150
Income tax provision	—	—	—	—	—	—	—	1	1	25
Interest expense	—	1	4	8	25	81	131	176	486	632
Other operating expense, net	—	—	—	1	1	3	10	9	14	8
Other (income) expense, net	—	—	—	—	—	1	(11)	(3)	56	(9)
Depreciation and amortization expense in cost of sales	—	—	—	—	—	—	10	24	114	169
Depreciation and amortization expense in SG&A expenses	2	3	4	11	24	41	74	105	200	183
Share-based compensation expense in cost of sales	—	—	—	—	4	5	1	—	16	—
Share-based compensation expense in SG&A expenses	—	1	1	6	21	30	25	39	69	73
Goodwill impairment	—	—	—	—	—	—	—	—	847	—
Root warrant revenue	—	—	—	—	—	—	—	—	(7)	(21)
Gain on debt extinguishment	—	—	—	—	—	—	—	—	—	(878)
Restructuring expense ⁽¹⁾	—	—	—	—	—	—	—	—	57	7
Adjusted EBITDA	\$ (13)	\$ (32)	\$ (84)	\$ (138)	\$ (180)	\$ (204)	\$ (222)	\$ 64	\$ (1,041)	\$ 339
Total revenues	\$ 42	\$ 130	\$ 365	\$ 859	\$ 1,955	\$ 3,940	\$ 5,587	\$ 12,814	\$ 13,604	\$ 10,771
Net income (loss) margin	(36.6)%	(28.2)%	(25.5)%	(19.1)%	(13.0)%	(9.3)%	(8.3)%	(2.2)%	(21.3)%	1.4 %
Adjusted EBITDA margin	(31.0)%	(24.6)%	(23.0)%	(16.1)%	(9.2)%	(5.2)%	(4.0)%	0.5 %	(7.7)%	3.1 %
Gross profit	\$ —	\$ 1	\$ 19	\$ 68	\$ 197	\$ 506	\$ 794	\$ 1,929	\$ 1,246	\$ 1,724
Depreciation and amortization expense in cost of sales	—	—	—	—	—	—	10	24	114	169
Share-based compensation expense in cost of sales	—	—	—	—	4	5	1	—	16	—
Root warrant revenue	—	—	—	—	—	—	—	—	(7)	(21)
Restructuring expense in cost of sales ⁽¹⁾	—	—	—	—	—	—	—	—	7	—
Gross profit, non-GAAP	\$ —	\$ 1	\$ 19	\$ 68	\$ 201	\$ 511	\$ 805	\$ 1,953	\$ 1,376	\$ 1,872
Retail vehicle unit sales	2,105	6,523	18,761	44,252	94,108	177,549	244,111	425,237	412,296	312,847
Total gross profit per retail unit	\$ (201)	\$ 206	\$ 1,023	\$ 1,539	\$ 2,090	\$ 2,852	\$ 3,253	\$ 4,537	\$ 3,022	\$ 5,511
Total gross profit per retail unit, non-GAAP	\$ (201)	\$ 206	\$ 1,013	\$ 1,537	\$ 2,136	\$ 2,878	\$ 3,298	\$ 4,593	\$ 3,337	\$ 5,984
SG&A expenses	\$ 15	\$ 37	\$ 109	\$ 223	\$ 425	\$ 787	\$ 1,126	\$ 2,033	\$ 2,736	\$ 1,796
Depreciation and amortization expense in SG&A	2	3	4	11	24	41	74	105	200	183
Share-based compensation expense in SG&A	—	1	1	6	21	30	25	39	69	73
Restructuring expense in SG&A expenses ⁽¹⁾	—	—	—	—	—	—	—	—	50	7
SG&A expenses, non-GAAP	\$ 13	\$ 33	\$ 104	\$ 206	\$ 380	\$ 716	\$ 1,027	\$ 1,889	\$ 2,417	\$ 1,533
Retail vehicle unit sales	2,105	6,523	18,761	44,252	94,108	177,549	244,111	425,237	412,296	312,847
Total SG&A expenses per retail unit	\$ 6,976	\$ 5,623	\$ 5,810	\$ 5,039	\$ 4,516	\$ 4,433	\$ 4,613	\$ 4,781	\$ 6,636	\$ 5,741
Total SG&A expenses per retail unit, non-GAAP	\$ 6,166	\$ 5,119	\$ 5,543	\$ 4,655	\$ 4,038	\$ 4,033	\$ 4,207	\$ 4,442	\$ 5,862	\$ 4,900

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

(dollars in millions)	For the Three Months Ended				
	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024
Net income (loss)	\$ 741	\$ (200)	\$ 49	\$ 48	\$ 148
Income tax (benefit) provision	29	(2)	(1)	1	(1)
Interest expense	153	165	173	173	157
Other expense (income), net	3	(1)	(87)	35	29
Loss (gain) on debt extinguishment	(878)	—	—	2	4
Operating income (loss)	\$ 48	\$ (38)	\$ 134	\$ 259	\$ 337
Other operating expense, net	1	1	1	1	1
Depreciation and amortization expense in cost of sales	42	39	39	35	33
Depreciation and amortization expense in SG&A expenses	45	43	43	41	40
Share-based compensation expense in cost of sales	—	—	—	—	1
Share-based compensation expense in SG&A expenses	18	20	23	24	23
Root warrant revenue	(6)	(5)	(5)	(5)	(6)
Adjusted EBITDA	<u>\$ 148</u>	<u>\$ 60</u>	<u>\$ 235</u>	<u>\$ 355</u>	<u>\$ 429</u>
Total revenues	<u>\$ 2,773</u>	<u>\$ 2,424</u>	<u>\$ 3,061</u>	<u>\$ 3,410</u>	<u>\$ 3,655</u>
Net income (loss) margin	<u>26.7 %</u>	<u>(8.3)%</u>	<u>1.6 %</u>	<u>1.4 %</u>	<u>4.0 %</u>
Adjusted EBITDA margin	<u>5.3 %</u>	<u>2.5 %</u>	<u>7.7 %</u>	<u>10.4 %</u>	<u>11.7 %</u>

(dollars in millions, except per unit amounts)	For the Three Months Ended				
	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024
Gross profit	\$ 482	\$ 402	\$ 591	\$ 715	\$ 807
Depreciation and amortization expense in cost of sales	42	39	39	35	33
Share-based compensation expense in cost of sales	—	—	—	—	1
Root warrant revenue	(6)	(5)	(5)	(5)	(6)
Gross profit, non-GAAP	<u>\$ 518</u>	<u>\$ 436</u>	<u>\$ 625</u>	<u>\$ 745</u>	<u>\$ 835</u>
Retail vehicle unit sales	80,987	76,090	91,878	101,440	108,651
Total gross profit per retail unit	<u>\$ 5,952</u>	<u>\$ 5,283</u>	<u>\$ 6,432</u>	<u>\$ 7,049</u>	<u>\$ 7,427</u>
Total gross profit per retail unit, non-GAAP	<u>\$ 6,396</u>	<u>\$ 5,730</u>	<u>\$ 6,802</u>	<u>\$ 7,344</u>	<u>\$ 7,685</u>
SG&A expenses	\$ 433	\$ 439	\$ 456	\$ 455	\$ 469
Depreciation and amortization expense in SG&A expenses	45	43	43	41	40
Share-based compensation expense in SG&A expenses	18	20	23	24	23
SG&A expenses, non-GAAP	<u>\$ 370</u>	<u>\$ 376</u>	<u>\$ 390</u>	<u>\$ 390</u>	<u>\$ 406</u>
Retail vehicle unit sales	80,987	76,090	91,878	101,440	108,651
Total SG&A expenses per retail unit	<u>\$ 5,347</u>	<u>\$ 5,769</u>	<u>\$ 4,963</u>	<u>\$ 4,485</u>	<u>\$ 4,317</u>
Total SG&A expenses per retail unit, non-GAAP	<u>\$ 4,569</u>	<u>\$ 4,942</u>	<u>\$ 4,245</u>	<u>\$ 3,845</u>	<u>\$ 3,737</u>