



# BENEFITS OF CARVANA'S DIFFERENTIATED BUSINESS MODEL





# SAFE HARBOR








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

# LEADING TO A MORE CUSTOMER-CENTRIC OFFERING









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



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

# ALL BACKED BY PROPRIETARY CUSTOM-BUILT TECHNOLOGY

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