

CARVANA CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 78,861	\$ 172,680
Restricted cash	9,848	14,443
Accounts receivable, net	33,120	14,105
Finance receivables held for sale, net	105,200	45,564
Vehicle inventory	412,243	227,446
Other current assets	23,582	15,480
Total current assets	662,854	489,718
Property and equipment, net	296,839	148,681
Intangible assets, net	8,869	—
Goodwill	9,353	—
Other assets, including \$1,895 and \$0, respectively, due from related parties	13,098	2,738
Total assets	<u>\$ 991,013</u>	<u>\$ 641,137</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 117,524	\$ 50,306
Accounts payable due to related party	3,891	1,802
Floor plan facility	196,963	248,792
Current portion of other long-term debt	11,133	5,131
Total current liabilities	329,511	306,031
Senior unsecured notes ⁽¹⁾	342,869	—
Other long-term debt, excluding current portion	82,480	48,469
Other liabilities	8,725	7,093
Total liabilities	763,585	361,593
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Class A Convertible Preferred Stock, \$0.01 par value, \$1,000 liquidation value per share - 0 and 100 shares authorized, issued and outstanding as of December 31, 2018 and 2017, respectively	—	97,127
Preferred stock, \$.01 par value - 50,000 and 49,900 shares authorized, and none issued and outstanding as of December 31, 2018 and 2017, respectively	—	—
Class A common stock, \$0.001 par value - 500,000 shares authorized, 41,208 and 18,096 shares issued and outstanding as of December 31, 2018 and 2017, respectively	41	18
Class B common stock, \$0.001 par value - 125,000 shares authorized, 104,336 and 114,664 shares issued and outstanding as of December 31, 2018 and 2017, respectively	104	115
Additional paid in capital	147,916	41,375
Accumulated deficit	(74,653)	(12,899)
Total stockholders' equity attributable to Carvana Co.	73,408	125,736
Non-controlling interests	154,020	153,808
Total stockholders' equity	227,428	279,544
Total liabilities & stockholders' equity	<u>\$ 991,013</u>	<u>\$ 641,137</u>

(1) As of December 31, 2018, a related party held \$15.0 million of the senior unsecured notes.

See accompanying notes to consolidated financial statements.

CARVANA CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Years Ended December 31,		
	2018	2017	2016
Sales and operating revenues:			
Used vehicle sales, net	\$ 1,785,045	\$ 796,915	\$ 341,989
Wholesale vehicle sales	73,584	28,514	10,163
Other sales and revenues, including \$25,572, \$8,947 and \$460, respectively, from related parties	96,838	33,441	12,996
Net sales and operating revenues	1,955,467	858,870	365,148
Cost of sales	1,758,758	790,779	345,951
Gross profit	196,709	68,091	19,197
Selling, general and administrative expenses	425,258	223,400	108,676
Interest expense, including \$370, \$1,382 and \$0, respectively, to related parties	25,018	7,659	3,587
Other expense, net	1,178	1,348	46
Net loss before income taxes	(254,745)	(164,316)	(93,112)
Income tax provision	—	—	—
Net loss	(254,745)	(164,316)	(93,112)
Net loss attributable to non-controlling interests	(192,991)	(101,475)	—
Net loss attributable to Carvana Co.	(61,754)	(62,841)	(93,112)
Dividends on Class A convertible preferred stock	(4,206)	(413)	—
Accretion of beneficial conversion feature on Class A convertible preferred stock	(1,380)	(1,237)	—
Net loss attributable to Class A common stockholders	\$ (67,340)	\$ (64,491)	\$ (93,112)
Net loss per share of Class A common stock, basic and diluted ⁽¹⁾	\$ (2.24)	\$ (1.31)	\$ (0.68)
Weighted-average shares of Class A common stock, basic and diluted ⁽¹⁾⁽²⁾	30,043	15,241	15,000

(1) Amounts for periods prior to the initial public offering have been retrospectively adjusted to give effect to 15.0 million shares of Class A common stock issued in the initial public offering and the Organizational Transactions described in Note 1.

(2) Weighted-average shares of Class A common stock outstanding have been adjusted for unvested restricted stock awards.

See accompanying notes to consolidated financial statements.

CARVANA CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Years Ended December 31,		
	2018	2017	2016
Cash Flows from Operating Activities:			
Net loss	\$ (254,745)	\$ (164,316)	\$ (93,112)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	23,539	11,568	4,658
Loss on disposal of property and equipment	575	958	—
Provision for bad debt and valuation allowance	1,917	1,375	1,348
Gain on loan sales, including \$0, \$0 and \$269 from related parties, respectively	(51,729)	(21,697)	(7,446)
Equity-based compensation expense	24,095	5,611	555
Amortization and write-off of debt issuance costs	2,305	1,646	—
Originations of finance receivables	(1,259,539)	(529,153)	(224,169)
Proceeds from sale of finance receivables	1,633,519	527,265	269,262
Purchase of finance receivables	(387,445)	—	—
Proceeds from sale of finance receivables to related party	—	—	13,015
Purchase of finance receivables from related party	—	—	(74,589)
Changes in assets and liabilities:			
Accounts receivable	(19,212)	(8,715)	(3,492)
Vehicle inventory	(183,068)	(40,839)	(117,468)
Other current assets	(7,291)	(6,605)	(7,157)
Other assets, including \$1,895, \$0 and \$0 due from related parties, respectively	(4,958)	(1,019)	—
Accounts payable and accrued liabilities	66,461	16,986	17,922
Accounts payable to related party	2,089	(82)	(19,552)
Other liabilities	(853)	7,093	—
Net cash used in operating activities	(414,340)	(199,924)	(240,225)
Cash Flows from Investing Activities:			
Purchases of property and equipment	(143,668)	(78,490)	(39,539)
Business acquisitions, net of cash acquired	(6,670)	—	—
Net cash used in investing activities	(150,338)	(78,490)	(39,539)
Cash Flows from Financing Activities:			
Proceeds from floor plan facility	1,848,051	949,144	410,562
Payments on floor plan facility	(1,899,880)	(865,665)	(287,551)
Proceeds from issuance of senior unsecured notes, including \$25,000 ⁽¹⁾ , \$0, and \$0 from related parties, respectively	350,000	—	—
Proceeds from Verde Credit Facility	—	35,000	—
Payments on Verde Credit Facility	—	(35,000)	—
Proceeds from long-term debt	49,063	32,698	—
Payments on long-term debt	(35,522)	(2,259)	(284)
Payments of debt issuance costs, including \$0, \$1,000 and \$0 to related parties, respectively	(11,390)	(2,055)	(728)
Net proceeds from issuance of Class A common stock	172,287	206,198	(398)
Net proceeds from issuance of Class A Convertible Preferred Stock	(12)	98,682	—
Proceeds from exercise of stock options	795	48	—
Tax withholdings related to restricted stock awards	(2,509)	(704)	—
Proceeds from issuance of Class C redeemable preferred units	—	—	162,446
Class C redeemable preferred units issuance costs	—	—	(82)
Dividends paid	(4,619)	—	—
Net cash provided by financing activities	466,264	416,087	283,965
Net (decrease) increase in cash and cash equivalents	(98,414)	137,673	4,201
Cash, cash equivalents and restricted cash at beginning of period	187,123	49,450	45,249
Cash, cash equivalents and restricted cash at end of period	<u>\$ 88,709</u>	<u>\$ 187,123</u>	<u>\$ 49,450</u>

(1) A related party initially acquired \$25.0 million of the senior unsecured notes, of which it subsequently disposed of \$10.0 million, and held \$15.0 million as of December 31, 2018.