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Case Study: Carvana's Resurgence

Updated as of 4Q 2025 (market caps as of 9/30/2026)

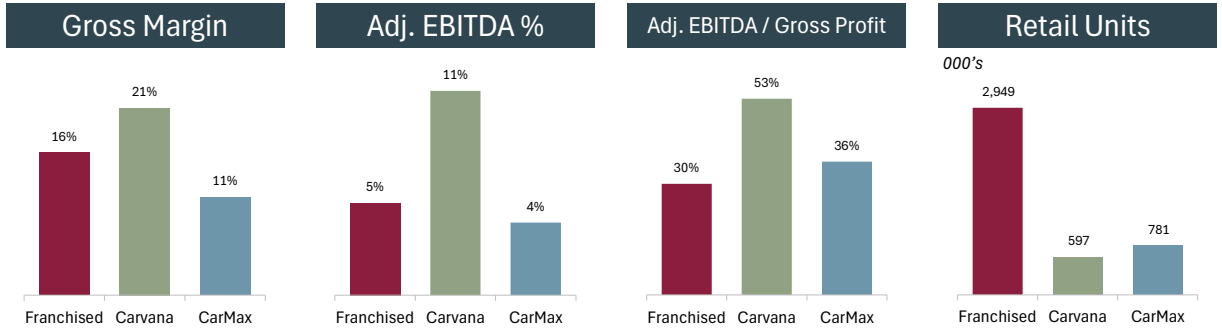
CARVANA

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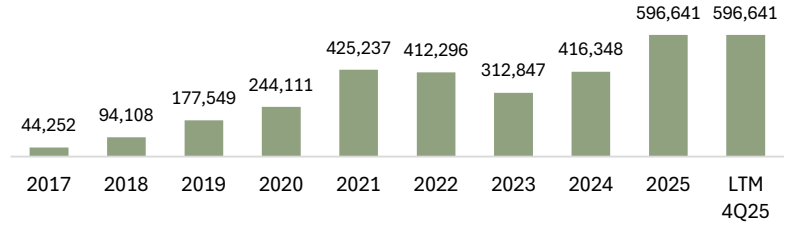
Carvana's Turnaround from a $1bn Adj. EBITDA Loss to $2.2bn of Adj. EBITDA

- **4Q25 results were one of the best quarterly results in company history in terms of scale and volume**
  - Used retail unit sales of **163,522** **(+43% YoY)**
  - Revenue of **$5.6bn** **(+58% YoY)**
  - Adj. EBITDA of **$511mm** **(+42.3% YoY)** and **Adj. EBITDA margin of 9.1%**
- CVNA's 2025 results show sequential increases in retail units and an increase in Adj. EBITDA for new quarterly and annual records
- **Update on Management Objective:**
  - CVNA reaffirmed that it is on the path toward its goal of "**selling 3mm retail units per year at a 13.5% Adj. EBITDA margin within 5 to 10 years**"
- ***With a market cap ~2.1x larger than all the franchised dealers combined and 8.8x KMX, equity investors are "all-in" with CVNA's expectations that it can expand margins while growing its unit sales 5x***

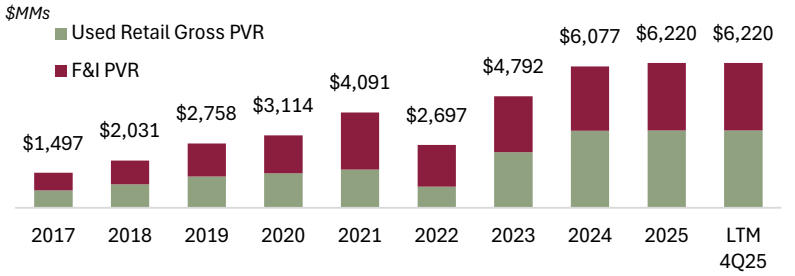
Comparison of LTM 4Q25 Metrics - Carvana vs CarMax vs All Public Dealers (1)



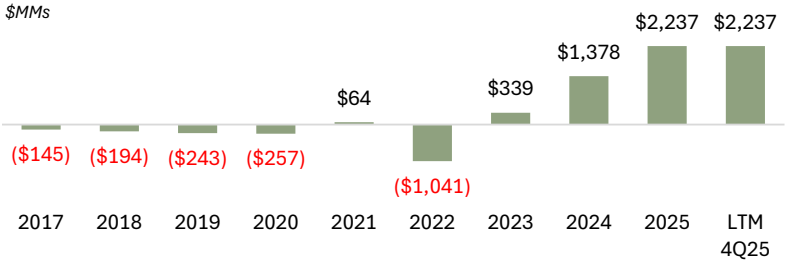
CVNA Annual Used Retail Units



CVNA Used Retail Gross, F&I, and Total PVR



CVNA Adj. EBITDA



Source: Company filings
(1) Public Dealers includes the combined totals of ABG, ACQ, AN, GPI, LAD, KMX, PAG and SAH. Financial data as of 4Q25 and market cap as of 9/30/26

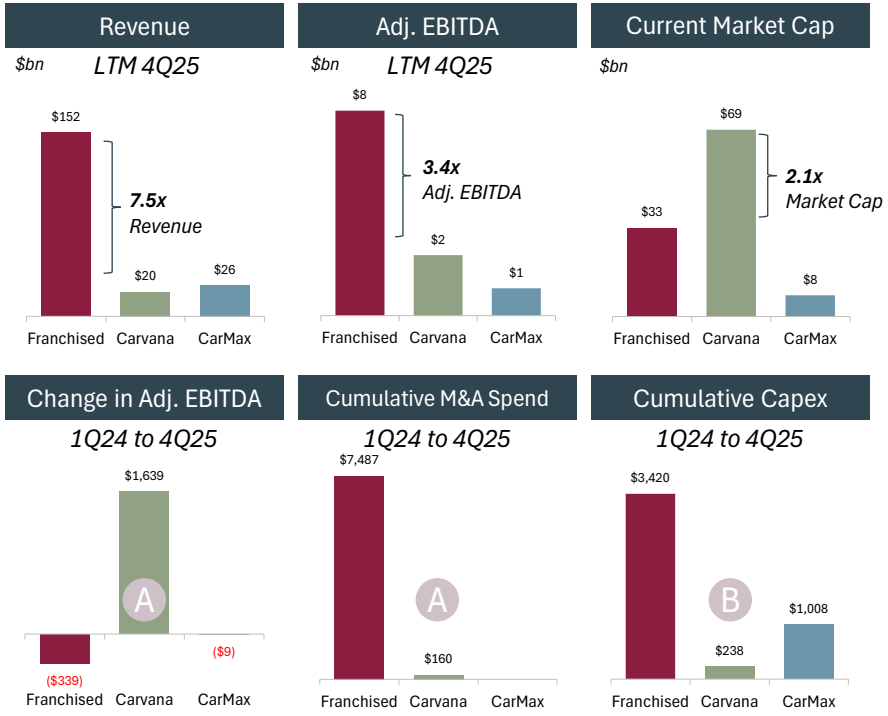
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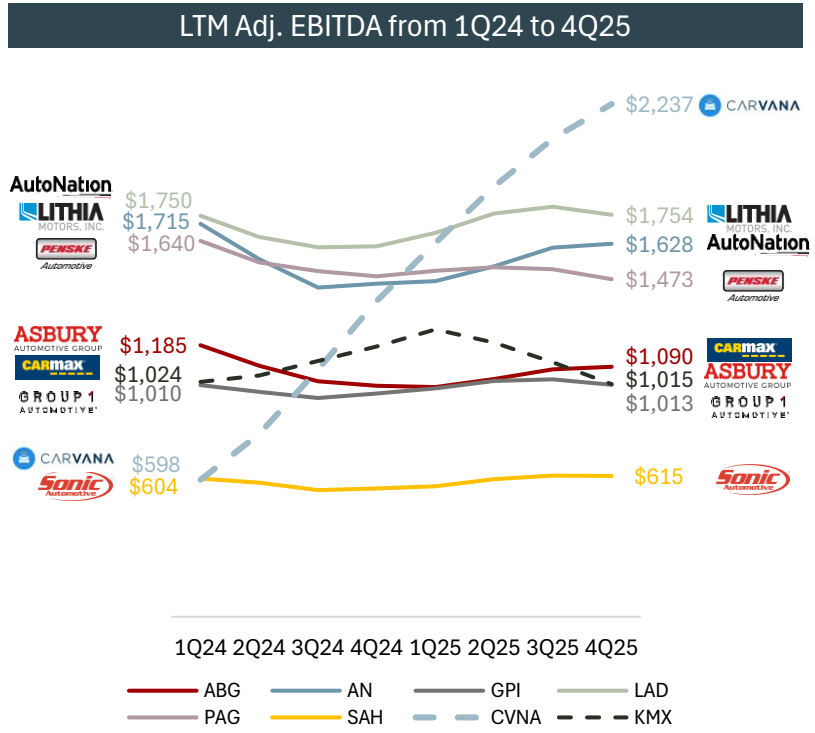
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"Worst to First" - Carvana is now the Most Profitable of all Public Dealers and by Far the Most Valuable

Commentary on CVNA's Valuation

- **Why is CVNA's market cap 2.1x and 1.7x larger than that of the franchised and public dealers, respectively?**
  - CVNA is a high-profile, e-commerce *"tech stock"* that is covered by Technology (not auto) equity research analysts
  - CVNA's avg daily trading volume is >3m shares, while the franchised dealers average <300k shares
  - A Massive organic growth potential selling DTC in a large, highly-fragmented market, while *growth for franchised dealers is largely limited to capital-intensive acquisitions*
  - B *"Asset-lite" business model* that requires limited capex and minimal facility overhead
- **What are investors overlooking about CVNA and franchised dealers that creates such a valuation gap?**
  - CVNA is entirely exposed to the conditions in the used market
  - Adverse conditions in the *securitization market could freeze* Carvana's ability to unload consumer vehicle loans it made
  - Dealers take low / no risk to generate F&I income
  - *CVNA is precariously dependent on Ally* for floorplan lending and as a buyer for its auto finance receivables
  - Dealers have assets besides cars to pledge as collateral for lenders, as well as support from captives
  - *Governance - the Garcias hold >80% voting rights*





- A Since 1Q24, U.S. public franchised dealers spent $7.5bn on M&A and $3.4bn on capex ($10.9bn total), while LTM Adj. EBITDA declined ~$339mm
- A Conversely, since 1Q24, CVNA spent **$398mm** on M&A and capex, while its LTM Adj. EBITDA increased by **$1.6bn to $2.2bn**

- CVNA management set a high bar for its future performance
  - Any unusual selling of stock by the Garcias would be a sign that the bar may be too high