

NEWS

CARVANA CO. ANNOUNCES PROPOSED OFFERING OF SERIES A PREFERRED STOCK

Apr 20, 2022

PHOENIX--(BUSINESS WIRE)-- Carvana Co. (NYSE: CVNA), the leading e-commerce platform for buying and selling used cars, today announced its intention to offer, subject to market and other conditions, \$1 billion of a new series of perpetual preferred stock, liquidation preference \$1,000 per share (the "Series A Preferred Stock") in a private offering only to (i) qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and (ii) non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

J.P. Morgan Securities LLC and Citigroup will act as book-running managers for the proposed Series A Preferred Stock private offering.

Holders of Series A Preferred Stock will be entitled to receive dividend payments only when, as and if declared by Carvana's board of directors. Dividends will either be (a) payable in cash, if and to the extent declared by Carvana's board of directors, or (b) added to the liquidation preference if not so declared. Dividends, if declared and paid in cash, will be payable on March 31, June 30, September 30 and December 31 (each, a "Quarter Date") of each year beginning on June 30, 2022. Dividends, if not declared and paid in cash, will compound quarterly on each Quarter Date and be added to the liquidation preference. No dividend may be declared unless paid immediately in cash (it being understood that no dividends may be declared and paid in securities or otherwise "in kind").

The dividend rate, redemption and other terms of the Series A Preferred Stock will be determined at the time of pricing of the offering.

The net proceeds of the Series A Preferred Stock private offering will, together with a proposed offering of a new series of unsecured senior notes due 2030 (the "New Notes"), be used to finance Carvana's announced acquisition of the U.S. based physical auction business of ADESA, Inc., and they will also be used for working capital, capital expenditures and other general corporate purposes. The consummation of the private offering of the Series A Preferred Stock is not contingent upon the closing of the New Notes offering, and the New Notes offering is not contingent upon the closing of the private offering of the Series A Preferred Stock.

Carvana has also announced a public offering of \$1 billion of Class A common stock pursuant to an effective registration statement and a preliminary prospectus supplement. Ernest Garcia, II, along with Ernie Garcia, III, Carvana's Chief Executive Officer, and entities controlled by one or both of them, have indicated an interest in purchasing up to an aggregate of \$432 million of the Company's Class A common stock in the offering, based on their pro rata ownership. Carvana intends to use the net proceeds from the offering of Class A common stock for general corporate purposes.

This press release is not an offer to sell or a solicitation of an offer to buy the New Notes, any shares of Series A Preferred Stock or any shares of Class A common stock.

The Series A Preferred Stock has not been registered under the Securities Act or any securities laws of any jurisdiction and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series A Preferred Stock in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The Series A Preferred Stock will be offered only to (i) qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act and (ii) non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Offers of these securities have will be made only by means of a private offering memorandum.

About Carvana

Founded in 2012 and based in Phoenix, Carvana's mission is to change the way people buy and sell cars. With a continued focus on its customers, technology and innovation, Carvana offers an intuitive and convenient online car buying, selling, and financing experience. Carvana.com enables customers to quickly and easily shop more than 71,000 vehicles, finance, trade in or sell their current vehicle to Carvana, sign contracts and schedule delivery or pickup at one of its patented, automated Car Vending Machines. Carvana is a Fortune 500 company, providing as-soon-as-next-day delivery to customers in over 300 U.S. markets.

Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect Carvana's current intentions, expectations or beliefs regarding the proposed Series A Preferred Stock private offering, Class A common stock offering, and the proposed private offering of New Notes. There can be no guarantee Carvana will consummate any of the offerings on the proposed terms, if at all, or will consummate its proposed acquisition of the U.S. based physical auction business of ADESA, Inc. 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 2021. 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, except as required by law.

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