

Risk Factors Comparison 2025-02-19 to 2024-02-22 Form: 10-K

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Described below are certain risks to our business and the industry in which we operate. You should carefully consider the risks described below, together with the financial and other information contained in this Annual Report on Form 10-K and in our other public disclosures. If any of the following risks actually occurs, our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected. As a result, our future results could differ materially from historical results and from guidance we may provide regarding our expectations of our future financial performance, and the trading price of our Class A common stock could decline. Risk Factors Summary The following is a summary of the principal factors that make an investment in our securities speculative or risky, all of which are more fully described below in this section. This summary should be read in conjunction with the full description of "Risk Factors" in this section and should not be relied upon as an exhaustive summary of the material risks facing our business. In addition to the following summary and the information in this section, you should consider the other information contained in this Annual Report on Form 10-K before investing in our securities. Risks Related to Our Business • risks related to the larger automotive ecosystem, including consumer demand, global supply chain challenges, and other macroeconomic issues; • our ability to raise additional capital **to pursue our objectives**; • our ~~history of losses and ability to maintain profitability in the future~~; • our ability to effectively manage our ~~historical~~ rapid growth; • our ability to maintain customer service quality and reputational integrity and enhance our brand; • the seasonal and other fluctuations in our quarterly **and annual** operating results; • our relationship with DriveTime and ~~its other entities affiliates affiliated with our controlling stockholder~~; • our ability to compete in the highly competitive industry in which we participate; • the changes in prices of new and used vehicles; • our ability to acquire **and expeditiously sell** desirable inventory; • our ability to ~~sell our inventory expeditiously~~ **comply with the laws and regulations to which we are subject**; • our **ability to grow complementary product and service offerings** dependence on the sale of automotive finance receivables for a substantial portion of our gross profits; • our reliance on credit data for the automotive finance receivables we sell **internal and external logistics to transport our vehicle inventory**; • our ability to ~~successfully market and protect the personal information~~ brand ~~and our business other data that we collect, process and store~~; • our reliance on internet searches ~~breaches in~~ to drive traffic to our **cybersecurity measures and disruptions in availability and functionality of our systems**, website, and mobile application; • our ability to ~~comply with the laws and regulations to which we are subject~~; • our ability to ~~comply with the Telephone Consumer Protection Act of 1991~~; • our ability to grow complementary product and service offerings; • the shift to use of mobile technology; • our ability to obtain affordable inventory insurance; • our ability to maintain adequate relationships with the lenders that finance our vehicle inventory purchases; • errors in contracts with customers; • our reliance on our proprietary credit scoring model in the forecasting of loss rates; • our reliance on internal and external logistics to transport our vehicle inventory; • our ability to protect the personal information and other data that we collect, process and store; • ~~disruptions in availability and functionality of our systems, website, and mobile application~~; • our ability to protect our intellectual property, technology, and confidential information; • our ability to ~~comply with~~ **obtain adequate insurance and** the terms **affordability of such insurance** open source licenses; • **our dependence on key personnel to operate our business** conditions affecting vehicle manufacturers, including manufacturer recalls and strikes; • pandemics, epidemics, disease outbreaks and other ~~the public health crises~~ **risk of receiving less than the full amount of benefit we expect to receive from our minority equity investment in Root, Inc.**; • risks associated with **acquisitions** the construction, financing, and **strategic initiatives** operation of our inspection and reconditioning centers, hubs, vending machines, and auction sites; • **legal proceedings** our dependence on key personnel to operate our business; **and** • our minority equity investment in Root, Inc. which may result in us receiving or retaining less than the amount of benefit we otherwise expect to receive from such investment; • the diversion of management's attention **accounting judgments and estimates, as well as changes to accounting policies.** Risks Related to Our Automotive Finance Receivables • our dependence on ~~other~~ **the disruptions** associated sale of automotive finance receivables for a substantial portion of our gross profit; • our access to **capital markets at competitive rates and in sufficient amounts**; • errors in contracts with acquisitions and strategic initiatives **customers, which could render them unenforceable or ineligible for sale**; and • the legal proceedings **risks related** to which we may be subject in **greater credit losses or prepayments with respect to our automotive finance receivables held; and** • the **risk retention rules** ordinary course of business. Risks Related to Our Organizational Structure • our corporate structure **the nature of being a holding company**; • the potential for conflicts of interest between our stockholders and LLC Unitholders; **and** • our status as a "controlled company"; • risks related to payments due to LLC Unitholders under the Tax Receivable Agreement, if we derive benefits from using certain tax attributes; **and** • substantial restrictions in our **status** ability to use our net operating loss carryforwards in the event of an ownership change, as **a "controlled** defined in the Internal Revenue Code; and • potential restrictions if we were to be deemed an investment company under the Investment Company Act of 1940. " Risks Related to Our **Indebtedness and Liquidity** • our substantial indebtedness; **and** • our ability to generate sufficient cash flow; • changes in capital markets; • our access to structured finance, securitization, or derivative markets at competitive rates and in sufficient amounts; • the risks related to our securitizations; and • risk retention rules. Risks Related to Ownership of our Class A Common Stock • the **volatile** trading price of our Class A common stock is volatile; • risks related to ~~the actions of short sellers~~ of our Class A common stock; • the Garcia Parties' control us and their interests may conflict with our or our stockholders' interests ~~in the future~~; • dilution due to issuance of additional Class A common stock or LLC Units in the future; • use of the net proceeds from our ~~at the market~~ program; • we **may issue shares** could sell substantial blocks of

preferred our Class A common stock in the future; • the Company's Tax Asset Preservation Plan could hinder the market for our Class A common stock; • we have no intention to pay dividends on our Class A common stock for the foreseeable future; • Delaware law and our charter may prevent stockholders from changing decisions made by management; **and** • the Court of Chancery of the State of Delaware is the sole and exclusive forum for certain stockholder litigation matters; **and** • we may issue shares of preferred stock in the future.

General Risk Factors • our reliance on third-party technology to complete critical business functions; • our management's accounting judgments and estimates, as well as changes to accounting policies; • changes in effective tax rates or review of our tax returns; • our internal controls over financial reporting; **and** • negative research about our business.

Our business is subject to risks related to the larger automotive ecosystem, including consumer demand, global supply chain challenges, and other macroeconomic issues. Our business is affected by industry and economic conditions. The current macroeconomic environment is characterized by uncertain inflation expectations, heightened interest rates, heightened and unpredictable vehicle prices, high cost of energy and gasoline, reduced availability and higher cost of credit, reduced business and consumer confidence, stock market volatility, increased regulation, and global and domestic fears of recession. These macroeconomic conditions have and may continue to result in decreased consumer demand, adversely affecting the market for used vehicles. Purchases of new and used vehicles are typically discretionary for consumers and have been, and may continue to be, affected by negative trends in the economy. Consumer purchases of new and used vehicles generally decline during recessionary periods and other periods in which disposable income is adversely affected. Inflationary impacts on labor, materials, **fuel, and other vehicle costs** and services **may cause costs to increase**, as well as scarcity of certain products, have caused increased vehicle prices, which have adversely affected, and may continue to adversely affect, the market for used vehicles. In fiscal year **2022 and 2023**, **as a result of changes in the economy, the market, and the industry, we shifted** our focus **on to** driving **profitability through** fundamental operating efficiency and initiatives to bolster unit economics, combined with industry and economic headwinds, decreased our sales volume as compared with fiscal year 2022. **Even though** The number of vehicles we sold **were able to shift our focus towards long-term growth** retail customers decreased by 24% to 312, 847, compared to 412, 296 in 2022. Throughout 2023, we have sought to rapidly decrease expenses while optimizing for volume flexibility to adjust the business to changes in unit sales. In 2024, **if** reduced used vehicle industry demand, increasing benchmark interest rates, higher used vehicle depreciation rates, and our profitability initiatives may continue to impact the number of retail units sold. If economic conditions worsen or a recession occurs, it is highly likely that the used car industry will be further impacted and we **have been and may again** be required to take stricter measures to protect our business. Those measures, including restructurings and cost savings, could materially adversely affect our business, operations, and financial results. **Adverse conditions** Moreover, global international conflicts, such as the conflict in Ukraine or the Hamas-Israel war have and may continue to result in broader macroeconomic uncertainty, which may affect **affecting one or more automotive manufacturers could also impact** the supply of chain and market for used vehicles. Other international uncertainty, such as changes in relations between China and Taiwan may also result in potential disruptions to our **inventory** operations and business prospects. This volatility may, among other things, change consumer car purchasing behaviors, which could materially and adversely affect our business and results of operations. Increased environmental regulation has also made, and may in the future make, used vehicles more expensive and less desirable for consumers. Further, electric vehicle adoption could impact the demand for used vehicles, as well as the number of and market for vehicles that flow through traditional wholesale and resale channels. Our business may also be negatively affected by challenges to the larger automotive ecosystem, including urbanization, global supply chain challenges, military conflicts, and other macroeconomic issues. For example, rideshare services, such as Uber and Lyft, are a popular means of transportation and may decrease consumer demand for the used vehicles we sell, particularly if urbanization increases. New technologies such as autonomous driving software also have the potential to change the dynamics of vehicle ownership in the future. Any of the foregoing could have a material adverse effect on our business, **sales and** results of operations **and financial condition. We may require..... and could impact the supply of vehicles.** Manufacturer recalls and the increased regulatory scrutiny surrounding selling used vehicles with open safety recalls could adversely affect used vehicle sales or valuations, **could** cause us to temporarily remove vehicles from inventory, **could** cause us to sell affected vehicles at a loss, **cause could force** us to incur increased costs, and **could** expose us to litigation and adverse publicity related to the sale of recalled vehicles, **which could have a material adverse effect on our business, financial condition, and results of operations.** Further adverse conditions, including labor disruptions at manufacturer facilities, **such as the United Auto Workers Union strikes in 2023**, may affect the market for new vehicles, thereby affecting the supply and market for used vehicles. Any volatility in auto manufacturers **Increased environmental regulation has also made, and** may change **in the future make, used vehicles more expensive and less desirable for consumer consumers.** Our car purchasing behaviors, which could materially and adversely affect our business **may also be negatively affected by challenges to**, financial condition, and results of operations. Pandemics, epidemics, disease outbreaks and other **the public larger automotive ecosystem, including global** health crises have disrupted our business and operations, **such as** and future public health crises could materially adversely impact our business, financial condition, liquidity and results of operations. Pandemics, epidemics or disease outbreaks in the **past** U.S. or globally have disrupted, and may in the future disrupt, our business, which could materially affect our results of operations, financial condition, liquidity and future expectations. For example, the **COVID- 19 pandemic**, **which may impact workforces, operations, and consumer behavior; increase in urbanization, which may decrease demand for vehicles due to the popularity of rideshare services such as Uber and Lyft; global supply chain challenges; military conflicts, such as the conflict in Ukraine and the Middle East, or changes in relations between countries, such as between the United States, China, and Taiwan; and other macroeconomic issues. New technologies such as autonomous driving software and the increasing popularity of electric vehicles also have the potential to change the dynamics of vehicle ownership in the future. In addition, technology created- related to generative AI is advancing rapidly, and its future impact on the automotive ecosystem is unknown. Finally, any new or** increased **tariffs or**

operational challenges from the **other trade restrictions** need to protect employee health and safety, and measures implemented by authorities to control the spread of COVID-19 impacted **U. S. federal government** ~~our~~ ~~or~~ ~~workforce~~ **other countries** may change vehicle supply or the supply of important vehicle parts and components, as well as customer vehicle purchasing behavior. Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition. We may require additional capital to pursue our business objectives and respond to business opportunities, challenges, ~~the behavior of our~~ ~~or~~ ~~customers~~ unforeseen circumstances. If such capital is not available to us, ~~and the~~ ~~our~~ business, ~~operations~~ ~~operating~~ of results, and financial condition may be harmed. We may require additional capital to pursue our business objectives and respond to business opportunities, challenges, ~~our~~ ~~or~~ ~~partners~~ unforeseen circumstances, ~~vendors,~~ including to increase our marketing expenditures to improve our ~~and~~ brand suppliers awareness, build and maintain our inventory of quality used vehicles, develop new products or services, further improve existing products and services, enhance our operating infrastructure, fund our growth or expansion into new markets, implement strategic initiatives, or acquire complementary businesses and technologies. Any similar. Accordingly, we may need to engage in equity or debt financings to secure additional capital. However, additional capital may not be available when we need it, on terms that are acceptable to us, or at all. In addition, any debt financing that we secure in the future events could involve restrictive covenants which may lead ~~make it more difficult for us~~ to obtain additional capital further challenges, including workplace disruptions and to pursue business opportunities. For example, the indentures governing our Senior Secured Notes limit our ability and certain of our subsidiaries' ability to, among other things, incur additional debt or issue preferred stock, create new liens, create restrictions on intercompany payments, pay dividends and make other distributions, designate unrestricted subsidiaries, redeem or repurchase stock or prepay subordinated indebtedness, make certain investments or certain other restricted payments, guarantee indebtedness, sell certain kinds of assets, including assets securing our Senior Secured Notes, enter into certain types of transactions with affiliates, and effect mergers or consolidations. See Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources." Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition and prospects could be adversely affected. Our rapid growth may not be indicative of our future growth and, if we continue growing rapidly, we may not be able to manage our growth and profitability effectively. Our history has often been characterized by rapid growth. For our revenues and profits to grow, we need a healthy industry and macroeconomic environment, and to successfully increase our penetration in existing markets, enter new markets, acquire more new and repeat customers, further improve the quality of our product offering, features, and complementary products and services, introduce high quality new products, services, and features, expand our brand awareness, and carry sufficient inventory with high enough quality and low enough cost to meet the demand for our vehicles. We have no control over the industry and macroeconomic environment we face, as occurred in 2022 and 2023, and our business strategy has and may be adversely affected as a result. Further, even if we succeed and our revenue and profits increase, we may not achieve historical rates of growth. Our historical and current rapid growth has placed and may continue to place significant demands on our management and our operational and financial resources. We have in the past expended, and may again expend, substantial financial and other resources on marketing and advertising, inventory expansion, production capacity expansion, and general administration expenses related to being a growing public company. If we cannot manage our growth effectively to maintain profitability, as well as the quality and efficiency of our customers' car- buying and selling experience, our business could be harmed and our results of operations and financial condition could be materially and adversely affected. Our failure to maintain our reputation and to otherwise maintain and enhance our customer service quality and brand could adversely affect our business, sales, and results of operations. Our business model is based on our ability to provide customers with a transparent and simplified solution to car buying and selling that will save ~~the them~~ movement of people time and money. Accordingly, ~~is based on our ability to provide customers with a transparent and simplified solution to car buying and selling that will save them time and money.~~ Accordingly, our ability to consistently deliver a high quality experience and our reputation as a company of integrity are critical to our success. **Thus, we rely heavily on marketing and advertising to increase brand visibility.** If we fail to maintain the high standards on which our reputation is built, or if an actual, or alleged failure of these standards occurs that damages this reputation, it could adversely affect consumer trust and **customer demand**, and our marketing and branding efforts, and have a material adverse effect on our business, sales, and results of operations. Even the perception of a decrease in the quality of our customer service or brand could impact **our** results. The operationally intensive aspect of our offering and the nature of automotive retail that necessitates the use of third-party vendors and systems to complete certain ancillary parts of the customer transaction (e.g., vehicle inspections, submitting title and registration paperwork to vendors or state entities) makes maintaining the quality of our customer experience a particularly difficult challenge. For example, ~~in 2022, we were have been~~ the subject of various complaints relating to the timely delivery of **certificates of titles** ~~title~~ and registration paperwork to ~~certain state entities,~~ **and vehicle quality** some of which are still active. While we do not believe these ~~or any current~~ claims are material, irrespective of their validity, any claims, complaints, or negative publicity **could diminish customer confidence in our platform and adversely affect our brand.** The use of social distancing guidelines ~~media~~ increases the speed with which information, misinformation, and opinions can be shared and thus the speed with which our reputation can be affected. **Negative or inaccurate postings, articles, or comments on social media, the internet, or the press about us have, from time to time, generated negative publicity that damages the reputation of our brand.** If we fail to correct or mitigate misinformation or negative information about us, the vehicles we offer to sell or purchase, our customer experience, or any aspect

of our brand, including information spread through social media or traditional media channels, it could have a material adverse effect on our business, sales, and results of operations. We experience seasonal and other fluctuations in our quarterly **and annual** operating results, which may not fully reflect the underlying performance of our business. Our quarterly **and annual** results of operations, including our revenue, gross profit, and **profitability, if any, and** cash flow, vary from quarter to quarter **and year to year** based in part on, among other things, consumers' car-buying patterns. Used vehicle sales **generally** exhibit seasonality with sales typically peaking late in the first calendar quarter (coinciding with the time when the federal government issues tax refunds) and diminishing through the rest of the year, with the lowest relative level of sales expected to occur in the fourth calendar quarter. Due to our historical **and current** rapid growth, our overall sales patterns in the past have not always reflected the general seasonality of the used vehicle industry. However, as our business and markets **have and** continue to mature, **we expect** our results **have to** become more reflective of typical market seasonality. Used vehicle prices also exhibit seasonality, with used vehicles **generally** depreciating at a faster rate in the **last two-fourth and first** quarters of each year and a slower rate in the **first two-second and third** quarters of each year. **Historically, all this has led our gross profit per unit to be higher on average in the** **other factors being equal** first half of the year than in the second half of the year. Other factors that cause our quarterly **and annual** results to fluctuate include, without limitation: • profitability or other initiatives; • fluctuations in consumer demand, vehicle supply, and labor supply due to macroeconomic conditions; • the timing of our sales of our **automotive** finance receivables; • our ability to attract new customers; • changes in the competitive dynamics of our industry; • the regulatory environment; • expenses associated with unforeseen quality issues and manufacturer recalls; • the speed, persistence, and aggregate level of inflation; • the pace and level of changes in benchmark interest rates; and • litigation or other claims against us. In addition, a significant portion of our expenses are fixed and do not vary proportionately with fluctuations in revenues. Accordingly, our results in any quarter **or year** may not indicate the results we may achieve in any subsequent quarter or for the full year, and period-to-period comparisons of our operating results may not be meaningful. **Through shared service** **We maintain a business relationship with DriveTime Automotive Inc. and other agreements not always entities affiliated with our controlling stockholders for certain services and processes. We maintain a business relationship with DriveTime, a related party due to the Garcia Parties' control and ownership of substantially all of the interests in DriveTime. We benefit from our relationship and a series of arrangements with DriveTime and its affiliates that cannot be assumed to have been** negotiated at arm's length, there were and are benefits to us from DriveTime's expertise and economies of scale, and we continue to and may in the future utilize DriveTime and its affiliates for certain services and processes. We were incubated by and may benefit from our relationship and a series of arrangements with DriveTime not always negotiated at arm's length, as DriveTime is controlled by our controlling shareholder who is also the father of our chief executive officer. Currently, many services that DriveTime historically provided to us (including certain accounting, finance, legal, human resources, payroll and benefits, tax, information technology, real estate, and inventory purchasing) are now provided by alternative vendors or have been brought in-house. In addition, DriveTime built certain of our inspection and reconditioning centers ("IRCs") in Georgia, New Jersey, and Texas and is now our landlord at some such sites. Verde Investments, Inc. ("Verde"), an affiliate of DriveTime, formerly leased to us our Arizona IRC and sold it to us in 2020. We have also historically leased certain of our hubs from DriveTime. However, our more recent expansion, including the acquisition of our wholesale marketplace, has largely been independent of DriveTime. Consequently, certain of our historical costs and expansion activities may not accurately reflect our future costs and expansion to the extent that DriveTime no longer provides us with such services or refuses to continue doing so at currently contracted-for prices. We continue to periodically engage DriveTime, its affiliates, and other entities controlled by our controlling shareholder **stockholder** to provide us with certain services, including **lease agreements and** the administration of certain VSCs and other related products sold to our customers. We also continue to utilize DriveTime for certain information technology systems and services. For example, we still partially use systems obtained from DriveTime to support our revenue recognition process. Should DriveTime fail to adequately perform any of these services or maintain these systems on terms or at prices consistent with their historical prices, or at all, our financial condition and results of operations may be adversely affected. Additionally, DriveTime has **also** in the past and may in the future purchase or sell certain vehicles or automotive finance receivables from or to us. **However Finally**, there can be no assurance that they will do so on the same or similar terms, or at all. As a result, our historical results may not be reflected in our future results. **Before before** and after we sell automotive finance receivables originated by us, DriveTime performs ongoing servicing and collections. **If There can be no assurance that** DriveTime is unwilling to enter into servicing **and the other affiliates will continue these** arrangements for our future automotive finance receivable transactions on **similar** terms, or at prices consistent with their historical prices or at all, **and** our revenues derived from the sale of those receivables may decline as a result. **If DriveTime refuses or our** becomes unable to continue servicing and collecting on automotive finance **financial condition and results of operations** receivables originated by us before or after we sell them, our ability to adequately prepare such receivables for sale may be adversely affected **and historical costs may not always accurately reflect future costs and expenses**. We participate in a highly competitive industry; pressure from existing and new companies may adversely affect our business and operating results. **The used car marketplace is a highly fragmented and highly competitive industry**. We face significant competition from companies that provide listings, information, lead generation, and car-buying and selling services designed to reach businesses and consumers and enable dealers to reach these consumers and inventory sources. Our current and future competitors may include: • traditional used vehicle dealerships such as CarMax **that could increase investment in technology and infrastructure to compete directly with our online model**; • internet and online automotive sites **that could change their models to directly compete with us**, such as Amazon, Autobytel .com, AutoTrader .com, Cars .com, **Carfax**, CarGurus .com, eBay Motors, Edmunds .com, Google, KBB .com, and TrueCar .com; • providers of offline, membership-based car-buying services such as the Costco Auto Program; • **new and** used vehicle dealers or marketplaces with e-commerce business or online platforms; • marketplaces that could compete with our wholesale marketplace program; • automobile manufacturers such as

Ford, General Motors, Hyundai, Toyota, and Volkswagen, Tesla, Rivian, that could change their sales models through technology and Lucid infrastructure investments; and • privately negotiated transactions automobile manufacturers such as Tesla, Rivian, and VinFast that market directly to consumers. We also expect that competitors, both new and existing, will continue to enter the online and traditional automotive retail industry with competing brands, business models, products, and services, which could make it difficult to acquire inventory, attract customers, and sell vehicles at a profitable price. **Some of these companies may have significantly greater resources than we do and may be able to provide customers access to a greater inventory of vehicles at lower prices. For example, in 2023 Amazon announced its entry into the purchase of vehicles from consumers at higher prices while delivering a competitive online experience.** Amazon could in the future shift its focus to directly compete with our offerings and other e-commerce businesses may similarly choose to enter the automotive retail space. Additionally, traditional vehicle dealerships could transition more of their **there** selling efforts to the internet, allowing them to more efficiently sell vehicles across state lines and compete directly with our online offering and no negotiating pricing model. There can be no assurance we will not experience competition from DriveTime, the company from which we were spun off and with which we currently have **certain** a number of business relationships. Furthermore, we have a cross-license agreement with DriveTime pursuant to which DriveTime has obtained limited licenses to some of our intellectual property. **Some of these companies, which could impact** such as Amazon, have significantly greater resources than we do and may be able to provide customers access to a greater inventory of vehicles at lower prices or **our** purchase vehicles from consumers at higher prices while delivering a competitive **position** online experience. Our competitors may also develop and market new technologies that render our existing or future business model, products, and services less competitive, **unmarketable, or obsolete.** For example, rapid changes in technology, including rideshare services and the development of autonomous vehicles (including Waymo, which is offering autonomous ride-hailing services in certain markets), could lead to a decrease in demand for our products. Competitors may also impede our ability to reach consumers or commence operations in certain jurisdictions. For example, we depend in part on internet search engines, lead generators, automotive finance partners, social networking sites, and vehicle listing sites to drive traffic to our website and mobile application and our competitors may increase their search engine optimization efforts and outbid us for search terms on various search engines, use their political influence and increase lobbying efforts, or align with Internet search engine providers to receive a higher search result page ranking than ours. Any reduction in the number of users directed to our website and mobile application through internet search engines, lead generators, automotive finance providers, social networking sites, or vehicle listing sites, could harm our business and operating results. In addition, technology related to generative AI is advancing rapidly, and its future impact on the automotive ecosystem is unknown. Private plaintiffs and federal, state, and local regulatory and law enforcement authorities continue to scrutinize advertising, sales, financing, and insurance activities in the purchase, sale, and leasing of used vehicles. If, as a result, other automotive retailers adopt more transparent, consumer-oriented business practices, our differentiation versus those retailers could be reduced. In addition, if one or more of our competitors, or DriveTime, were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. Our competitors may also establish or strengthen cooperative relationships with our current or future data providers, technology partners, or other parties with whom we have relationships, thereby limiting our ability to develop, improve, and promote our solutions. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our revenue, business, and financial results. Our business is sensitive to changes in the prices of new and used vehicles. Any significant changes in prices for new or used vehicles could have a material adverse effect on our revenues and results of operations. An overall increase in prices or monthly payments for used vehicles, including as a result of increased employee absenteeism financial results. Our business is sensitive to changes in the prices of new and used vehicles. Any significant changes in prices for new or used vehicles could have a material adverse effect on our revenues and results of operations. For example, an overall increase in prices or monthly payments for used vehicles, including as a result of increased interest rates customers face when financing a vehicle, may make **makes** it difficult for certain customers to afford to purchase a vehicle. Similarly, if prices for used vehicles rise relative to prices for new vehicles, it could make buying a new vehicle more attractive to our customers than buying a used vehicle, **which could have a material adverse effect on our results of operations and could result in reduced used vehicle sales and lower revenue.** Additionally, manufacturer **Manufacturer** incentives could **also** contribute to narrowing the **this** price gap between new and used vehicles. Further **In addition**, the U.S. federal government and some state and local governments provide incentives to purchasers of electric vehicles in the form of rebates, tax credits, and other financial incentives, which could contribute to narrowing the price gap between new electric vehicles and used vehicles. Used vehicle prices may also decline due to an increased number of new vehicle lease returns over the next several years. While **while** lower used vehicle prices reduce our cost of acquiring new inventory, lower prices could also lead to reductions in the prices at which we can sell such inventory, which could have a negative impact on gross profit. Furthermore, any significant changes in wholesale prices for used vehicles could have a material adverse effect on our results of operations by reducing wholesale margins. Our business is dependent upon access **our ability to acquire** desirable vehicle **vehicles** inventory and parts used to recondition **vehicles, and to expeditiously sell** such **vehicle** inventory. Obstacles to acquiring **and selling** attractive inventory, whether because of supply, competition, or other factors, could have a material adverse effect on our business, sales, and results of operations. We acquire vehicles for sale through numerous sources, including directly from consumers, from wholesale auctions, including our wholesale marketplace, **from other large fleet operators, from original equipment manufacturers, and from other retailers, which are evaluated for mechanical soundness, consumer desirability, and relative value as prospective inventory.** There can be no assurance that the supply or price of desirable used vehicles will be sufficient to meet our needs. **If we fail to adjust appraisal offers to stay in line with broader market trade- in offer trends, to recognize those trends, or to properly assess vehicles before we**

purchase them, it could adversely affect our ability to acquire desirable inventory. Further, we rely on agreements with third parties to finance our vehicle inventory purchases, and may require additional financing arrangements in the future. If we are unable to extend the current financing agreements on favorable terms or at all, if the agreements expire and are not renewed, if new financing arrangements are at higher interest rates or with less favorable terms, or if we are unable to secure new financing, our inventory supply may decline. A reduction in the availability of or access to sources of desirable inventory, including parts necessary to recondition such inventory, whether due to supply due to illness and / supply chain constraints, pricing, or otherwise, could have a material adverse effect on our business on others to sell us used vehicles, sales and results there can be no assurance of operations an adequate supply of such vehicles on terms that are attractive to us. It Finally, it is also common that commercial suppliers of used vehicles regularly review their relationships with wholesale car auctions used vehicle disposition channels, such as our wholesale marketplace platform or retail marketplace offering, through written requests for proposals. Such suppliers may from time to time require us to make changes - change to the way we do business as part of the request for proposal process or provide services on less favorable terms. There can be no assurance that our existing agreements will not be canceled or that we will be able to enter into future agreements with these or other suppliers on similar terms, or at all. Our business is dependent upon Finally, used vehicle inventory has typically represented a significant portion of our ability to expeditiously sell total assets. Having such a large portion of our total assets in the form of used vehicle inventory for Failure to and an contact tracing extended period of time subjects us to depreciation, inflation, and other risks, which have in the past and may again affect our results of operations. Our purchases of used vehicles are based in large part on projected demand. If actual sales are materially less than our forecasts, we have and may again experience an over- supply of used vehicle inventory. An over- supply of used vehicle inventory will generally cause downward pressure on our product sales prices and margins and increase our average days to sale. This increase has and may again subject us to accelerated depreciation of our vehicle inventory due to changes in economic conditions, which could result in reduced retail and wholesale margins. Accordingly, if we have excess inventory or our average days to sale increases, we may be unable to liquidate such inventory at prices that allow us to meet margin targets or to recover our costs, which could have a material adverse effect on our results of operations. We operate in several highly regulated industries and are subject to a wide range of federal, state, and local laws and regulations. Changes in these laws and regulations, or our actual or alleged failure to comply with such laws and regulations, could have a material adverse effect on our business, results of operations, and financial condition. We are subject to a wide range of evolving federal, state, and local laws and regulations, many of which may have limited to no interpretation precedent as it relates to our business model. Our sale and purchase of used vehicles and related activities, including financing our customers' acquisition of those vehicles, shipping and delivery of vehicles and the sale of complementary products and services, are subject to state and local licensing requirements, state laws, regulations, and systems and process requirements related to title and registration, state laws regulating the sale of motor vehicles and related products and services, federal and state laws regulating advertising of motor vehicles and related products and services, federal and state consumer protection laws prohibiting unfair, deceptive or misleading practices toward consumers, customer insurance related regulations, regulations governing the internet, e- commerce or mobile commerce, anti- money laundering regulations, and labor laws. Dealer and Finance Licensing Regulations: Regulators in jurisdictions in which we have a dealer or finance license have in the past, and may in the Future future, impose economic fines, suspend or revoke our license, or otherwise preclude us from buying or selling vehicles or providing financing products to customers. Regulators in jurisdictions where our customers reside but in which we do not have a dealer or financing license could require that we obtain a license or otherwise comply with various state regulations, and may seek to impose punitive fines for operating without a license or demand we seek a license in those jurisdictions, any of which may inhibit our ability to do business in those jurisdictions, increase our operating expenses and adversely affect our financial condition and results of operations. Telephone Consumer Protection Act (" TCPA"). We utilize telephone calls and text messaging as a means of communicating with and marketing to consumers, some of which activities are regulated by the TCPA. Consumers have in the past and may in the future allege violations of the TCPA, and if we fail to adhere to or successfully implement appropriate processes and procedures in response to existing or future marketing regulations, it could result in legal and monetary liability, fines, penalties, or damage to our reputation. Further restrictions may also adversely affect our ability to attract customers. Environmental, Transportation, and Logistics Related Laws and Regulations. Our facilities and business operations are subject to a variety of laws and regulations relating to environmental protection and health and safety. Our logistics operations, which we depend on our access to transport vehicles to and from wholesale auctions utilization of our logistics and distribution network, our IRCs corporate offices, our inspection and reconditioning centers, our hubs, our vending machines, and / or our hubs, and our customers, are subject to regulation by the DOT and by the states through which our vehicles travel. New our- or support additional restrictive limitations on the transport of vehicles, such as the California Zero Emission Vehicle program, could increase our operating expenses. Finance Related Laws and Regulations. The financing we offer to customers is subject to state licensing laws and to federal and state laws regulating the advertising and provision of consumer finance options, the collection of consumer credit and financial information, along with requirements related to online payments and electronic funds transfers. The violation of any laws or regulations could inhibit our ability to execute our business, result in administrative, civil, or criminal penalties, or in a cease- and- desist order against some or all of our business activities, any of which could damage our reputation and have a material adverse effect on our business, sales, and results of operations. Additionally, even an allegation that we violated these laws by regulators, competitors, individuals, or consumers, could result in costly litigation with uncertain results. We have incurred and will continue to incur capital and operating expenses and other costs to comply with these laws and regulations. This description of laws and

patchwork of U. S. privacy and cybersecurity law. In addition, cybersecurity has become a high priority for regulators, and some jurisdictions have enacted laws setting forth cybersecurity compliance standards and / or requiring companies to notify certain parties of data security breaches involving certain types of personal data. The SEC has adopted rules for public companies, requiring the mandatory disclosure of material cybersecurity incidents and the Federal Trade Commission and the New York Department of Financial Services have both also increased incident reporting and expanded cybersecurity program requirements. Any failure or perceived failure to maintain the security of and / or adhere to privacy- related obligations related to personal and other data that is provided to us by consumers, employees, and vendors, or any failure or perceived failure to appropriately report and respond to cyber incidents under expanded requirements, could harm our reputation and expose us to a risk of loss or litigation, regulatory scrutiny or enforcement actions, and possible liability, any of which could adversely affect our business and operating results. If our cybersecurity measures are breached or there is a disruption in our technology systems, our business, brand, operating results, and financial condition could be harmed and results of operations. We are highly dependent on technology networks and infrastructure for our business. Our brand, reputation, and ability to attract consumers depend on the safe and reliable performance of our website and mobile application and the supporting systems, technology, and infrastructure, such as our logistics network. Although we consider cybersecurity protection and system stability to be an important piece of our business, strategy, and management, we have in the past and may in the future experience potentially significant interruptions to our systems. Interruptions in these systems, whether due to system failures, programming or configuration errors, computer viruses, or physical or electronic break- ins, including from ransomware or distributed denial of service attacks, could prevent us from selling cars, providing customary financing options to our customers, limit the availability of the inventory on our website and mobile application, prevent or inhibit consumers from accessing our website or mobile application, delay our communication, or cause a breach of data (including PII). If an actual or perceived breach of our security occurs or there is a disruption in our technology systems, we could lose competitively sensitive business information, intellectual property or lose control of our information processes or internal controls. In addition, the public perception of the effectiveness of our security measures or services could be harmed, and we could lose employees, customers, and business partners. In the event of a security breach, we could suffer financial exposure in connection with demands from perpetrators, penalties and fines, remediation efforts, investigations and legal proceedings, and changes in our security and system protection measures. In the event of an error, defects, disruptions, or other performance or reliability problems with our network operations, our customers' physical or electronic access to our inventory, or purchase, financing, and fulfillment process, and our access to data that drives our inventory purchase operations could be interrupted as well as cause delays and additional expense in arranging access to new facilities and services, any of which could harm our reputation, business, operating results, and financial condition. A significant portion of our technology footprint, including the technology and infrastructure that supports our website and mobile applications, is hosted in third- party data center facilities that we do not own or control. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break- ins, computer viruses, earthquakes, and similar events. The occurrence of any of these events could damage our systems and hardware or could cause them to fail which could result in interruptions in the delivery of our services or impair our operations, negatively impacting sales and operating results. Further, any problems faced by our web- hosting providers could adversely affect the experience of our customers, and if our web- hosting providers are unable to keep up with our growing capacity needs, our business could be harmed. Failure to adequately protect our intellectual property, technology, and confidential information could reduce our competitiveness and harm our business and operating results. Our business depends on our intellectual property, including proprietary algorithms, inventions, website content, mobile applications, trademarks, trade dress rights, registered domain names, AI technology, vending machine design and systems, and other confidential information, the protection of which is crucial to the success of our business. We rely on a combination of patents, trademarks, trade secrets, copyrights, and contractual restrictions to protect our intellectual property, technology, and confidential information. We also ~~required-~~ require all of our new employees and most contractors to enter into intellectual property assignment agreements and certain third parties to enter into nondisclosure agreements. However, these agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property, or technology, or grant all necessary rights to any inventions that may have been developed by the employees and consultants. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our website or mobile application features, software, and functionality, or to obtain approvals, permits, and use information that we consider proprietary. Changes in the law or adverse court rulings may also limit the scope of our rights and inhibit us from preventing others from using our technology. ~~The~~ **Finally, the** introduction of ~~additional~~ AI tools, such as our chatbot, into our business has also increased the risk of inadvertent disclosure of proprietary information and trade secrets. Steps taken to mitigate this risk, including agreements with vendors and policies relating to the safe use of AI tools may not effectively protect proprietary information **and any incidents**. Further, the utilization of AI tools beyond our established policies can potentially result in inadvertent **disclosure** leakage of confidential proprietary information. Such incidents could undermine our intellectual property rights. We may, and occasionally in the ordinary **course of business do, receive communications alleging infringement or misappropriation of intellectual property or claims relating to** licenses from state regulators and local municipalities with respect thereto. Any claims that we assert against perceived infringers could also provoke these parties to construct and operate-assert counterclaims against us alleging that we infringe their intellectual property rights. At any given time, we may be involved as either a plaintiff ~~our-~~ or IRLCs, a defendant in a number of intellectual property auction- **actions** sites, and vending machines. We may face delays in obtaining the **outcomes of which** requisite approvals,

permits, financing, and licenses to construct and operate our IRCs, auction sites, and vending machines, or we may not be known for prolonged periods of time. As a result of such claims, we may have to pay monetary damages and lose valuable intellectual property rights or personnel. Further, even if we are successful in defending against such claims, litigation could result in substantial costs, harm our reputation, and be a distraction to management. Lastly, we use open source software in our platform and expect to use open source software in the future. There is a risk that such licenses could be construed by courts in a manner that imposes unanticipated conditions or restrictions on our ability to market our platform. By the terms of certain open source licenses, we could be required to make our proprietary software available to be used by the public, re-engineer portions of code, or otherwise be limited to use such code or technology if we combine our proprietary software with open source software in a certain manner. Each of which could reduce or eliminate the value of our technologies and services developed. An inability to obtain adequate insurance on our inventory or auto liability insurance, or the affordability of such insurance, may materially adversely affect our financial condition and results of operations. We rely on inventory insurance to protect against catastrophic losses of our inventory, and similarly rely on auto liability insurance to protect us against auto-related liability, in relation to, among other things, our transportation and logistics network. However, the coverage limits of these policies may not be adequate to cover all future claims. Further, there is no guarantee that we will continue to be able to obtain them insurance at affordable rates, or at all, through outside insurers. If we encounter delays in obtaining or are unable to purchase affordable insurance, we may have to self-insure, reducing or our cannot obtain ability to make the other investments requisite approvals, permits, financing, and licenses to construct and operate our IRCs, auction sites, and vending machines in desirable locations, our business and exposing us to financial risk condition and results of operations may be adversely affected. We lease or finance certain real estate on which we construct and operate some of our IRCs, auction sites, and vending machines. Because of potential difficulties finding a replacement tenant due to the uniqueness of our property use, some landlords will have concerns leasing us land and allowing the construction of our IRCs, auction sites, or vending machines, and some lenders will have concerns financing to a tenant like us. Consequently, some landlords or lenders may offer unfavorable leasing or financing terms or may not be willing to lease or finance the sites we pursue. If we are required to enter into inflexible or expensive leases, financing, or purchase agreements to construct and operate our IRCs, auction sites, and vending machines, our financial condition and results of operations may be adversely affected. In addition, we currently rely on our inability to insure our inventory through an outside insurer, or to adequately self-insure, may adversely impact our ability to finance our inventory purchases. Our inventory is also pledged as collateral in finance agreements, and a failure to maintain sufficient insurance to financially protect the collateral assets could be inconsistent with the requirements of such lenders or institutional real estate investors to finance certain real estate capital expenditures, including vending machines and IRCs, and may continue to do so in the future. If we are unable to enter into new financing agreements for such assets on favorable terms or at all, whether because of our financial and operating performance or for other reasons, our ability to construct and operate additional IRCs and vending machines would be adversely affected. New funding arrangements may be at higher interest rates than historical real estate financing or contain other less favorable terms. If realized, these financing risks, in addition to high interest rates and changes in market conditions, could negatively impact our results of operations and financial condition. We depend on one supplier to construct portions of our vending machines and to provide technical support and maintenance on them. If we are unable to maintain our relationship with our supplier, or our supplier ceases to produce the parts or perform the services we need, or our supplier is unable to effectively deliver services and equipment on timelines and at the price we have negotiated, and we are unable to contract with an alternative supplier, we may not be able to construct new vending machines or continue to operate existing vending machines, and our financial condition and operating results may be adversely affected. Additionally, the durability of our vending machines is unknown and we may be required to incur significant maintenance and other expenses to keep them operating properly. If we are required to incur significant expenses to maintain our vending machines our financial condition and operating results may be adversely affected. We also rely on vendors and suppliers to construct and operate portions of our IRCs. If we are unable to maintain our relationship with our vendors and suppliers, or such vendors and suppliers cease to provide the services we need, or such vendors and suppliers are unable to effectively deliver our services on timelines and at the price we have negotiated, and we are unable to contract with alternative vendors and suppliers, our ability to construct new IRCs or continue to operate existing IRCs and our financial condition and operating results may be adversely affected. We depend on key personnel to operate our business. If we are unable to retain, attract, and integrate qualified personnel, our ability to develop and successfully grow our business could be harmed. We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our ability to attract, develop, motivate, and retain highly qualified and skilled employees, including operations staff onsite at IRCs, vending machines, hubs, and auction sites. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss or inhibition of any of our key employees or senior management, including our Chief Executive Officer, Ernest Garcia III, our Chief Financial Officer, Mark Jenkins, and our Chief Operating Officer, Benjamin Huston, could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. Our executive officers and other employees are at-will employees, which means they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. We may not receive be able to retain the full, expected benefit from services of any members of our senior management or our other key employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business could be materially and adversely affected. Our minority equity investment in Root, Inc. may result in us receiving or retaining less than the amount of benefit we might otherwise expect to receive from such investment, and adversely impact our results of operations and financial condition. We hold a minority equity investment shares of Series A

convertible preferred stock and warrants to acquire Class A common stock in Root. As a minority equity investor, our influence over Root is limited. ~~As a result, and~~ we may be unable to influence Root's business plan, assure quality control, or set the timing and pace of development. ~~Our inability to control the operations or management of Root may result in us receiving or retaining less than the amount of benefit we might otherwise expect to receive from such investment. We may also be unable to cause Root to effect significant transactions such as large expenditures or contractual commitments, the development of insurance products, or the borrowing of money.~~ **Our inability to control the operations or management of Root may result in us receiving or retaining less than the amount of benefit we might otherwise expect to receive from appreciation of the equity investment or from the commercial relationship associated therewith.** We may be limited in our ability to monetize or exit our investment in Root given contractual restrictions on selling our investment and uncertainty in the trading market for Root's equity securities. ~~Our investment~~ **In addition, we have in the past recognized, and may again recognize, decreases in fair value in relation to our** Root consists of shares of **Warrants, and we may also experience a decrease in fair value in relation to our** Series A convertible preferred stock and warrants to acquire Root's Class A common stock. We have in the past recognized, and may again recognize, decreases in fair value in relation to our Root Warrants. Any other downward adjustment to or impairment of our equity investment could adversely impact our results of operations and financial condition. We have **acquired,** and may continue to acquire, other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results. ~~Our success will depend, in part, on our ability to grow our business in response to the demands of consumers, other constituents within the automotive industry, and competitive pressures.~~ In the past, we have occasionally **acquired** ~~done so by acquiring~~ complementary businesses and technologies, including the acquisition of our wholesale marketplace, ~~rather than through internal development,~~ and we may do so again in the future. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and we may not be able to successfully complete identified acquisitions. The risks we face in connection with acquisitions include: • diversion of management time and focus from operating our business to addressing acquisition integration challenges; • coordination of technology, research and development, and sales and marketing functions; • transition of the acquired company's users to our website and mobile application; • retention of employees from the acquired company; • cultural challenges associated with integrating employees from the acquired company into our organization; • integration of the acquired company's accounting, management information, human resources, **cybersecurity,** and other administrative systems; • the need to implement or improve controls, policies, and procedures at a business that, prior to the acquisition, may have lacked effective controls, policies, and procedures; • potential write-offs of intangibles or other assets acquired in such transactions that may have an adverse effect on our operating results; • liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities; • litigation or other claims in connection with the acquired company, including claims from terminated employees, consumers, former investors, or other third parties; and • incurrence of significant expenses in connection with integration. Our failure to address these risks or other ~~problems~~ **challenges** encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and otherwise harm our business. ~~Past and future acquisitions~~ **Acquisitions** could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, and amortization expenses, any one of which could harm our financial condition. **Additionally, Acquisitions acquisitions** generally also create the risk of future **have resulted, and may again result, in** impairments of intangible assets such as goodwill, and to a lesser extent, tangible assets. For example, for the fiscal year ended December 31, 2022, we recorded a non-cash goodwill impairment charge of \$ 847 million. To the extent the value of other intangible assets becomes impaired, we may be required to incur further non-cash charges relating to such impairment. Our operating results have been significantly impacted from both the goodwill impairment and the underlying trends in the business that triggered the impairment, and there can be no assurance that there will not be further adjustments for impairment in future periods, which could have a further impact on the consolidated and combined financial statements and the Company's future results of operations and financial position. Any of these risks, if realized, could materially and adversely affect our business, financial condition, and results of operations. We are, and may in the future be, subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are unfavorable to us, it ~~claims, and investigations, which~~ could have a material adverse effect on our business, results of operations, and financial condition. We are subject to various **legal proceedings, claims, and litigation investigations matters,** from time to time, which could have a material adverse effect on our business, results of operations, and financial condition. Legal claims **have been and** could be asserted against us by individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings, or by other entities. These claims **have been and** could be ~~and have been~~ asserted under a variety of laws, including but not limited to consumer finance laws; consumer protection **laws; intellectual property** laws; laws governing motor vehicle dealers; laws, regulations, and systems and process requirements related to title and registration; state laws regulating the sale of motor vehicles and related products and services; ~~intellectual property laws;~~ privacy laws; labor and employment laws; securities laws; employee benefit laws; tax laws; contract laws; and tort laws. These actions have in the past and could in the future expose us to adverse publicity and to substantial monetary damages and legal defense costs, injunctive relief, and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. **Further, the Attorney General offices of various states, from time to time, conduct inquiries regarding our inspection, reconditioning, advertising, sale, delivery, titling, registration, and post-sale service of retail vehicles. When such inquiries arise, we work with government agencies to respond to these requests and cooperate with any such inquiries, which if not amicably resolved, could result in state Attorney General offices filing claims against us. Our results of operations and financial condition are subject to management's accounting judgments, estimates, and changes**

in accounting policies. The preparation of our financial statements requires us to make estimates and assumptions affecting the reported amounts of our assets, liabilities, revenues, and expenses. If these estimates or assumptions are incorrect, it could have a material adverse effect on our results of operations or financial condition. We have identified several accounting policies as being "critical" to the fair presentation of our financial condition and results of operations because they involve major aspects of our business and require us to make judgments about matters that are inherently uncertain. These policies are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to consolidated financial statements included in this Annual Report on Form 10-K. Further, the implementation of new accounting requirements or other changes to U. S. generally accepted accounting principles could have a material adverse effect on our reported results of operations and financial condition.

Risks Related to our Automotive Finance Receivables We depend on the sale of automotive finance receivables for a substantial portion of our gross profit. Many of our customers utilize our financing services to finance the acquisition of a vehicle from us. We then typically sell the resulting automotive finance receivables, and the proceeds therefrom account for a substantial portion of our gross profit. However, customers may elect to finance their vehicle purchases through other parties who may be able to offer more attractive terms. Any material decline in automotive finance receivables sold or the prices at which they are sold would result in the loss of a historically significant portion of our gross profits. The prices we are able to charge for automotive finance receivables that we sell are based on a variety of factors, including the terms and credit risk associated with automotive finance receivables, the relationship between the interest rates we quoted the customer at the time they priced their financing and market and projected interest rates at the time we sell the automotive finance receivables, forecasted loss rates, the historical credit performance of the automotive finance receivables we sell, demand for assets and related securities of that type in the financial markets, and other factors. If these variables or other factors were to change, we might be required to reduce our sale prices on automotive finance receivables, sell fewer of them, or both, which would reduce our gains on sales of automotive finance receivables. The terms of the financing we offer are dependent in part on our assessment of such customers' credit-worthiness, which is based on data gathered from customers and other parties and assessed by our proprietary technology tools. If customers or other parties provide us with incorrect or fraudulent data, or if our technology miscalculates or incurs other errors not identified through our underwriting process, we may offer inappropriate terms to our customers, resulting in originating automotive finance receivables that do not perform as expected or that we are unable to sell because they are based on inaccurate credit profiles. Originating a material amount of receivables with inaccurate or fraudulent credit profiles could have a material adverse effect on our business, results of operations, and financial condition. Any material decline in our access to the capital markets at competitive rates and in sufficient amounts could harm our business, results of operations, and financial condition. We provide financing to customers and typically sell the related automotive finance receivables. For example, we have entered into various arrangements to pledge or sell automotive finance receivables that we originate, including through committed structured finance arrangements, term securitizations and fixed pool loan sales to financing partners, and plan to enter into new arrangements in the future. Our ability to obtain funding through those channels is subject to having sufficient assets eligible for use as collateral for the related programs and our ability to obtain derivatives to manage interest rate risk among other considerations. If we are unable to continue obtaining funding through those channels, including because we reached our capacity under these or future arrangements, our financing partners exercised constructive or other termination rights before we reached capacity or we reached the scheduled expiration date of the commitment, or if we are unable to enter into new arrangements on similar terms, we may not have adequate liquidity and our business, financial condition, and results of operations may be adversely affected. Furthermore, if our financing partners cease to purchase these receivables, we could be subject to the risk that some of these receivables are not paid when due and we are forced to incur unexpected asset write-offs and bad debt expense. In addition, changes in the condition of the securitization market could lead us to incur higher costs to access funds in the market or lose access to the market, requiring us to seek alternative means to finance those originations that could be more expensive, or retain credit risk in excess of those required under the Risk Retention Rules (as defined below), which may prevent us from derecognizing the loans and recognizing a gain on sale. As a result, the value of any securities that we may retain in our securitizations might be reduced or, in some cases, eliminated as a result of an adverse change in economic conditions or the financial markets. Errors in our contracts with our customers could render them unenforceable, ineligible for sale, or require us to repurchase them. We enter into purchase agreements, buyer's orders, retail installment contracts, consumer loan contracts, and other contracts with our customers that are generated automatically based upon information the customer enters into our website or mobile application, and are subject to our underwriting process. The contracts are intended to comply with the applicable consumer lending and other commercial and legal requirements of the relevant jurisdictions. The auto-generated forms have contained, however, and may again in the future contain errors or omissions or otherwise fail to comply with applicable regulations in a manner that would render such contracts unenforceable. For example, most jurisdictions impose a maximum interest rate cap that we can charge our customers. If we exceed the relevant cap, our retail installment contracts in such jurisdiction may be unenforceable, and in some instances, we may be required to pay damages or repay any financing charges previously collected. If a significant number of our retail installment contracts are rendered unenforceable, our financial condition and results of operations may be adversely affected. The financing partners who agree to buy or fund our automotive finance receivables, and the terms of our securitizations, require that we make certain customary representations about the eligibility of those automotive finance receivables for sale. If these receivables do not meet the specified representations, we have in the past been, and will likely in the future be forced to repurchase these receivables. If we sell a significant amount of receivables

that do not meet the predetermined representations, we may be required to use cash on hand or to obtain alternative financing in order to repurchase them. Any significant repurchases could have a material adverse effect on our business, results of operations, and financial condition, and may jeopardize our ability to sell contracts to those or other financing partners or purchasers in the future. We may experience greater credit losses or prepayments in automotive finance receivables than we anticipate. Until we sell automotive finance receivables, and to the extent we retain interests in automotive finance receivables, we are exposed to the risk that applicable customers will be unable or unwilling to repay their loans according to their terms and that the vehicle collateral securing the payment of their loans may not be sufficient to ensure full repayment. Credit losses are inherent in the automotive finance receivables business and could have a material adverse effect on our results of operations. We make various assumptions and judgments about the automotive finance receivables we originate using internally developed models to forecast loss rates and may provide an allowance for loan losses, value beneficial ownership interests, and estimate prepayment rates based on a number of factors that we believe are appropriate. However, these allowance, interests, or estimates may not be adequate. For example, if economic conditions were to deteriorate unexpectedly, additional loan losses not incorporated in the existing allowance or valuation may occur. Further, if the receivables we sell experience higher loss rates than forecasted, we may obtain less favorable pricing on the receivables we sell to financing partners or in securitizations in the future and suffer reputational harm in the marketplace for the receivables we sell. As a result, losses or prepayments in excess of expectations could have a material adverse effect on our business, results of operations, and financial condition. Risk Retention Rules may increase our compliance costs, limit our liquidity and otherwise adversely affect our operating results." Risk retention" rules promulgated by U. S. federal regulators under the Dodd- Frank Act (the " Risk Retention Rules") require a " securitizer" or " sponsor" of a securitization transaction to retain, directly or through a " majority-owned affiliate" (each defined in the Risk Retention Rules), in one or more prescribed forms, at least 5 % of the credit risk of the securitized assets. For the securitization transactions for which we have acted as " sponsor," we have sought and will likely continue to seek to satisfy the Risk Retention Rules by retaining a " vertical interest" (as defined in the Risk Retention Rules) through either a majority- owned affiliate or directly on our balance sheet. In addition, we have entered into, and will likely continue to enter into, arrangements to finance a portion of the retained credit risk in one or more prescribed forms under the Risk Retention Rules. However, holding risk retention interests or automotive finance receivables in contemplation of structured financing increases our exposure to the performance of the automotive finance receivables that underlie or are expected to underlie those transactions. For additional information, see Note 2 — Summary of Significant Accounting Policies and Note 9 — Securitizations and Variable Interest Entities . Our principal asset is our indirect interest in Carvana Group, and, accordingly, we depend on distributions from Carvana Group to pay our taxes and expenses, including payments under the Senior Notes our debt obligations and Tax Receivable Agreement. Carvana Group' s ability to make such distributions may be subject to various limitations and restrictions. We are a holding company and have no material assets other than our indirect ownership of LLC Units of Carvana Group. As such, we have no independent means of generating revenue or cash flow, and our ability to pay our taxes, debt obligations, and operating expenses depends on the financial results and cash flows of Carvana Group and its subsidiaries and distributions we receive from Carvana Group. Under These taxes, obligations, and expenses include the terms of the following: Taxes. Carvana Group, LLC is treated Agreement (as defined in Note 1 — Business Organization) a partnership for U. S. federal income tax purposes and, as such, is not subject to any entity- level U. S. federal income tax. Instead, taxable income of Carvana Group is allocated obligated to the make distributions to LLC Unitholders, including Carvana Co. Sub LLC (" Carvana Co. Sub"), our wholly owned subsidiary . Accordingly, we incur to allow us to pay for income taxes on our allocable share of any the net taxable income of Carvana Group. The Under the terms of the LLC Agreement also obligates (as defined in Note 1 — Business Organization), Carvana Group is obligated to make tax distributions to LLC Unitholders, including us : to allow us to pay for our Debt debt obligations , which are represented by . We have payment obligations under our Senior Secured Notes and Senior Unsecured Notes (detailed described in Part II, Item 7" Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and Note 10 — Debt Instruments) . Under the terms of the LLC Agreement, and Carvana Group is obligated to pay make distributions to us for our the payment of obligations under these notes. Operating expenses and other expenses. We also incur expenses related to our operations, including payments under the Tax Receivable Agreement (as defined in Note 15 — Income Taxes) . Due to the uncertainty of various factors, we cannot estimate the likely tax benefits we may realize as a result of LLC Unit exchanges, and the resulting amounts we are likely to pay out to LLC Unitholders pursuant to the Tax Receivable Agreement; however, we estimate that such payments may be substantial. Under the terms of the LLC Agreement, Carvana Group is obligated to make distributions to us for our payment obligations under the Tax Receivable Agreement. While we intend to cause Carvana Group to make distributions to us in an amount sufficient to fund these taxes, obligations, and expenses, Carvana Group' s ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions that would either violate any contract or agreement to which Carvana Group is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering Carvana Group insolvent. If we do not have sufficient funds to pay taxes, obligations or expenses, we may have to borrow funds, which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. If we are unable to make payments under the Tax Receivable Agreement, those payments generally will be deferred and will accrue interest until paid. Nonpayment for a specified period, however, may constitute a breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement, unless, generally, such nonpayment is due to a lack of sufficient funds. Conflicts of interest could arise between our stockholders and the LLC Unitholders, which may impede business decisions that could benefit our stockholders. Holders of LLC Units have the right to consent to certain amendments to the LLC Agreement, as well as to certain other matters, including the revaluation of

partnership membership interests in Carvana Group. Holders of these voting rights may exercise them in a manner that conflicts with the interests of our stockholders. Circumstances may arise in the future when the interests of the LLC Unitholders conflict with the interests of our stockholders. As we control Carvana Group, we have certain obligations to the LLC Unitholders that may conflict with fiduciary duties our officers and directors owe to our stockholders. These conflicts may result in decisions that are not in the best interests of stockholders. We are a "controlled company" within the meaning of the NYSE and, as a result of the potential differences in the amount of net taxable income allocable to us and the LLC Unitholders, we qualify for exemptions from certain corporate governance requirements tax rates passed in 2017, it is possible that we will receive distributions significantly in excess of our tax liabilities and obligations to make payments under the Tax Receivable Agreement. Our stockholders do not distribute have the same protections afforded to stockholders of companies that are subject to such requirements. The Garcia Parties continue to control a majority of cash balances as dividends on our Class A common stock and instead, for example, hold such cash balances or lend the them to combined voting power of Carvana Co. As a result of, we continue to be a controlled company within the their meaning ownership of Class A common stock following the NYSE corporate governance standards. Under the NYSE listing requirements, a company of which more than 50 % of the voting power is held by an exchange of individual, group or another company is its LLC Units (a "controlled company" and need not comply with certain requirements, including the requirement that a majority any exchange upon an acquisition of us our board of directors (the "Board") consist of independent directors and the requirements that our compensation and nominating and governance committees be composed entirely of independent directors. We do not intend to utilize these exemptions; however, for so long as we qualify as a controlled company, we will maintain the option to utilize some or all of these exemptions. If we utilize these exemptions, we may not have a majority of independent directors and our compensation and nominating and governance committees may not consist entirely of independent directors, and such committees will not be subject to annual performance evaluations. Accordingly, in the event we rely on these exemptions in the future, our stockholders would not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE. The Tax Receivable Agreement with the LLC Unitholders requires us to make cash payments to them in respect of certain tax benefits to which we may become entitled, and we expect that the payments we will be required to make will be substantial. We are party to In connection with the consummation of our IPO, we entered into a Tax Receivable Agreement with the LLC Unitholders, pursuant to which, we will be required to make cash payments to such LLC Unitholders equal to 85 % of the tax benefits, if any, that we actually realize, or, in some circumstances, are deemed to realize, as a result of (1) the increase in our wholly owned subsidiary's proportionate share of the existing tax basis of the assets of Carvana Group and an adjustment in the tax basis of the assets of Carvana Group reflected in that proportionate share as a result of any future exchanges of LLC Units held by the LLC Unitholders for shares of our Class A common stock or cash, and (2) certain other tax benefits related to payments we make under the Tax Receivable Agreement. Due to the uncertainty of various factors, we cannot estimate the likely tax benefits we will realize as a result of LLC Unit exchanges, and the resulting amounts we are likely to pay out to LLC Unitholders pursuant to the Tax Receivable Agreement; however, we estimate that such payments may be substantial. Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine, which tax reporting positions will be based on the advice of our tax advisors. As described in Note 10 — Debt Instruments, in the fiscal year ended December 31, 2023, we completed the Exchange Offers, whereby we exchanged validly tendered Senior Unsecured Notes for newly issued Senior Secured Notes. For U. S. tax purposes we are required to recognize cancellation of debt income ("CODI") on the difference between the adjusted issue price of the debt exchanged and the fair market value of the new debt issued. As of December 31, 2023, the Company recorded a \$ 14 million Tax Receivable Agreement liability related to the estimated cash savings in U. S. federal, state or local tax related to the tax benefits utilized to offset recognized CODI. Any payments made by us to the LLC Unitholders under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us, and will reduce funds available for reinvestment in our business. To the extent that we are unable to make payments under the Tax Receivable Agreement, such payments generally will be deferred and will accrue interest until paid. Nonpayment for a specified period, however, may constitute a breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement, unless, generally, such nonpayment is due to a lack of sufficient funds. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that may be deemed realized under the Tax Receivable Agreement. The payments under the Tax Receivable Agreement are also not conditioned upon the LLC Unitholders maintaining a continued ownership interest in Carvana Group. The actual amount and timing of any payments under the Tax Receivable Agreement will vary depending upon a number of factors, including the timing of exchanges by the LLC Unitholders, the amount of gain recognized by such LLC Unitholders, the amount and timing of the taxable income we generate in the future and the federal tax rates then applicable. The amounts that we may be required to pay to the LLC Unitholders under the Tax Receivable Agreement may be accelerated in certain circumstances and may also significantly exceed the actual tax benefits that we ultimately realize. The Tax Receivable Agreement provides that if (1) certain mergers, asset sales, other forms of business combination, or other changes of control were to occur, (2) we breach any of our material obligations under the Tax Receivable Agreement or (3) we elect an early termination of the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor's obligations, to make payments under the Tax Receivable Agreement would accelerate and become immediately due and payable. The amount due and payable in that

circumstance is based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement. We may need to incur debt to finance payments under the Tax Receivable Agreement to the extent our cash resources are insufficient to meet our obligations under the Tax Receivable Agreement as a result of timing discrepancies or otherwise. As a result of a change in control or our election to terminate the Tax Receivable Agreement early, (1) we could be required to make cash payments to the LLC Unitholders that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement and (2) we would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring, or preventing certain mergers, asset sales, other forms of business combination, or other changes of control. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement.

~~Certain benefits from our organizational structure, including the Tax Receivable Agreement, will not benefit Class A common stockholders to the same extent as they will benefit the LLC Unitholders. Certain benefits from our organizational structure, including the Tax Receivable Agreement, will not benefit the holders of our Class A common stock to the same extent as LLC Unitholders. We entered into a Tax Receivable Agreement with the LLC Unitholders, which will provide for the payment by us to the LLC Unitholders of 85 % of the amount of tax benefits, if any, that we actually realize, or in some circumstances are deemed to realize, as a result of (1) the increase in our wholly owned subsidiary's proportionate share of the existing tax basis of the assets of Carvana Group and an adjustment in the tax basis of the assets of Carvana Group reflected in that proportionate share as a result of any future exchanges of LLC Units held by an LLC Unitholder for shares of our Class A common stock or cash and (2) certain other tax benefits related to our making payments under the Tax Receivable Agreement. Due to the uncertainty of various factors, we cannot estimate the likely tax benefits we will realize as a result of LLC Unit exchanges, and the resulting amounts we are likely to pay out to LLC Unitholders pursuant to the Tax Receivable Agreement; however, we estimate that such payments may be substantial. Although we will retain 15 % of the amount of such tax benefits, this and other aspects of our organizational structure may adversely impact the trading market for the Class A common stock.~~ We will not be reimbursed for any payments made to the LLC Unitholders under the Tax Receivable Agreement in the event that any tax benefits are disallowed. We will not be reimbursed for any cash payments previously made to the LLC Unitholders pursuant to the Tax Receivable Agreement if any tax benefits initially claimed by us are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by us to an LLC Unitholder will be netted against any future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement. However, a challenge to any tax benefits initially claimed by us may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that we are required to make under the terms of the Tax Receivable Agreement and, as a result, there may not be future cash payments to net against. The applicable U. S. federal income tax rules are complex and factual in nature, and there can be no assurance that the IRS or a court will agree with our tax reporting positions. As a result, it is possible that we could make cash payments under the Tax Receivable Agreement that are substantially greater than our actual cash tax savings. We may not be able to realize all or a portion of the tax benefits that are currently expected to result from future exchanges of LLC Units for our Class A common stock and from payments made under the Tax Receivable Agreement. Our ability to realize the tax benefits that we currently expect to be available as a result of the increases in tax basis created by any future exchanges of LLC Units ~~(together with shares of our Class B common stock in the case of certain Class A Units)~~ for our Class A common stock, the payments made pursuant to the Tax Receivable Agreement, and the interest deductions imputed under the Tax Receivable Agreement all depend on a number of assumptions, including that we earn sufficient taxable income each year during the period over which such deductions are available and that there are no changes in applicable law or regulations. For example, the reduction in corporate tax rates pursuant to the 2017 changes in U. S. federal income tax law **has had** the effect of reducing the expected value of the tax benefits we realize as a result of the increase in our proportionate share of the existing tax basis of the assets of Carvana Group arising from future exchanges of LLC Units held by an LLC Unitholder for shares of our Class A common stock or cash. The reduction in the value of such tax benefits is expected to have two primary consequences — it reduces the cash payments we expect to be required to make pursuant to the Tax Receivable Agreement and it reduces the expected value to us of the 15 % of the amount of such tax benefits that we will retain pursuant to the Tax Receivable Agreement. Additionally, if our actual taxable income were insufficient or there were additional adverse changes in applicable laws or regulations, we may be further unable to realize all or a portion of the expected tax benefits and our cash flows and stockholders' equity (deficit) could be negatively affected.

We are a "controlled company" within the meaning of the rules of the NYSE and, as a result, we qualify for exemptions from certain corporate governance requirements. Our net operating loss carryforwards could stockholders may not have the same protections afforded to stockholders of companies that are subject to such requirements. The Garcia Parties control a majority of the combined voting power of Carvana Co. As a result, we continue to be substantially limited if we experience an ownership change as defined in the Internal Revenue Code. Based on our historical financial performance, we have generated a **controlled** federal and state net operating loss ("NOL") carryforward of \$ 1.2 billion through the year ended December 31, 2023, and we may generate NOL carryforwards in future years. Section 382 of the United States Internal Revenue Code of 1986, as amended (the "Code"), contains rules that limit the ability of a company **within that undergoes an ownership change** to utilize its NOL carryforwards and certain built-in losses recognized in years after the ownership change **meaning of the NYSE corporate governance standards**. **A Under such standards, a** company generally experiences an ownership change if the percentage of **which** the value of its stock owned by certain "5-percent shareholders," as such term is defined in Section 382 of the Code, increases by more than 50 **% of** percentage points over a rolling three-- **the**

voting power is held –year period. These rules generally operate by **an individual, group**, focusing on ownership shifts among stockholders owning directly or **another** indirectly 5 % or more of the stock of a company **is** and any change in ownership arising from a **" controlled** new issuance of stock by the company **".** If we undergo an **and need not comply with certain requirements** ownership change for purposes of Section 382 of the Code as a result of future transactions involving our stock, including purchases **that a majority of** or **our sales board** of stock by current **directors (the " Board") consist of independent directors, that** or **our future 5 % shareholders compensation and nominating and governance committees be composed entirely of independent directors, and that** or **our Board** new issuance of stock by the Company, our ability to use our NOL carryforwards and **committees** to recognize certain built-in losses would be subject to **annual performance evaluations** the limitations of Section 382 of the Code. Depending on the resulting limitation, a significant portion of our NOL carryforwards could be significantly delayed in their application to offsetting income. A limitation imposed under Section 382 of the Code on our ability to utilize our NOL carryforwards could have a negative impact on our financial position and results of operations. We have entered into a Section 382 Rights Agreement (the " Tax Asset Preservation Plan ") designed to preserve shareholder value and the value of certain tax assets primarily associated with NOL carryforwards and built-in losses under Section 382 of the Code. See " The Tax Asset Preservation Plan the Company implemented to protect our tax attributes could hinder the market for our Class A common stock." In certain circumstances, Carvana Group will be required to make distributions to us and the LLC Unitholders and the distributions may be substantial. Carvana Group, LLC is treated as a partnership for U. S. federal income tax purposes and, as such, is not subject to U. S. federal income tax. Instead, taxable income is allocated to its members, including us. We intend to cause Carvana Group to make tax distributions quarterly to the holders of Class A Units (including us) on a pro rata basis based on Carvana Group's net taxable income and to the holders of Class B Units based on such holder's allocable share of Carvana Group's net taxable income (rather than on a pro rata basis). Funds used by Carvana Group to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, these tax distributions may be substantial, and will likely exceed (as a percentage of Carvana Group's income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. As a result of the potential differences in the amount of net taxable income allocable to us and the LLC Unitholders, particularly in light of the reduction in corporate tax rates passed in 2017, it is possible that we will receive distributions significantly in excess of our tax liabilities and obligations to make payments under the Tax Receivable Agreement. To the extent we do not distribute such cash balances as dividends on our Class A common stock and instead, for example, hold such cash balances or lend them to Carvana Group, the LLC Unitholders would benefit from any value attributable to such accumulated cash balances as a result of its ownership of Class A common stock following an exchange of its LLC Units (including any exchange upon an acquisition of us). If we were deemed to be an investment company under the Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations. Under Sections 3 (a) (1) (A) and (C) of the 1940 Act, a company generally will be deemed to be an " investment company" for purposes of the 1940 Act if it (1) is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (2) is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding, or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40 % of the value of its total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. We do not believe **currently utilize these exemptions; however, for so long as we qualify as a controlled company, we will maintain the option to utilize some or all of these exemptions. In the event we rely on these exemptions in the future, our stockholders would not have the same protections afforded to stockholders of companies** that we are **subject to all** an investment company, as such term is defined in either of those **the sections corporate governance requirements** of the **NYSE** 1940 Act. As the sole managing member of Carvana Co. Sub, we control and manage Carvana Co. Sub, which, by virtue of being the sole managing member of Carvana Group, in turn, controls and manages Carvana Group. On that basis, we believe that neither our interest in Carvana Co. Sub nor Carvana Co. Sub's interest in Carvana Group are " investment securities" under the 1940 Act. Therefore, we have less than 40 % of the value of our total assets (exclusive of U. S. government securities and cash items) in " investment securities." However, if we were to lose the right to manage and control Carvana Co. Sub or if Carvana Co. Sub were to lose the right to manage and control Carvana Group, interests in Carvana Group or Carvana Co. Sub could be deemed to be " investment securities" under the 1940 Act. We intend to conduct our operations so that we will not be deemed to be an investment company. However, if we were deemed to be an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition, and results of operations. Our substantial indebtedness, **including any additional indebtedness incurred in the future**, could adversely affect our financial flexibility, ability to incur additional debt, and our competitive position and prevent us from fulfilling our obligations under our **credit financing agreement agreements**. As of December 31, 2023-2024, we had outstanding, on a consolidated basis (1) \$ 205 million aggregate principal amount of our Senior Unsecured Notes, (2) \$ 4. 4 billion aggregate principal amount of our Senior Secured Notes, which includes \$ **185-105** million of accrued payment-in-kind interest, (3) \$ **668-67** million aggregate principal amount of borrowings under our Floor Plan Facility and the Finance Receivable Facilities (as defined below), (4) \$ **267-183** million aggregate principal amount of indebtedness represented by our finance lease agreements between us and providers of equipment financing, (5) **and** an outstanding balance of \$ **293-354** million relating to **under our** secured borrowing facility through which we finance certain retained beneficial interests in our securitizations. Also, **and (6)** as of December 31, 2023, we had, on a consolidated basis, \$ 485 million of other long-term debt related to our sale leaseback transactions. Our substantial indebtedness **has had and** could have **further** significant effects on our business. For example, it **has or** could: • make it more difficult for us to satisfy our obligations with respect to our current and future indebtedness, including our Senior **Secured** Notes **and Senior Unsecured Notes (collectively the " Senior Notes,"**

each as defined in Note 10 — Debt Instruments) and the Floor Plan Facility; • increase our vulnerability to adverse changes in prevailing economic, industry, and competitive conditions; • require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow ~~or limit our ability to incur additional debt~~, to fund working capital, capital expenditures, acquisitions, the execution of our business strategy, and other general corporate purposes; • limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; • **limit our ability to incur additional debt or** increase our cost of borrowing; • restrict us from exploiting business opportunities; and • place us at a disadvantage compared to our competitors that have fewer debt obligations. We **also** expect to use cash flow from operations to meet current and future financial obligations, including funding our operations, debt service requirements, and capital expenditures. The ability to make these payments depends on our financial and operating performance, which is subject to prevailing economic, industry, and competitive conditions, including the interest rate environment, and to certain financial, business, economic, and other factors beyond our control. Despite current indebtedness levels, we may incur substantially more indebtedness, which could further exacerbate the risks associated with our substantial indebtedness. We may incur significant additional indebtedness in the future, subject to the restrictions in the indentures to **governing** the Senior Notes. ~~We, or we~~ may also pursue investments in joint ventures or acquisitions, which **we** may increase our indebtedness **finance with additional debt**. If ~~new~~ **we incur additional** debt is added to our currently anticipated indebtedness levels, the related risks that we face ~~could~~ **would** intensify. We may not be able to generate sufficient cash flow to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful, or may harm our business. Our ability to make scheduled payments or to refinance outstanding debt obligations depends on our financial and operating performance, which will be affected by prevailing economic, industry, and competitive conditions and by financial, business, and other factors beyond our control. Additionally, some of our debt accrues interest at a variable rate that is based on SOFR or other market rates; if those market rates rise, so too will the amount we need to pay to satisfy our debt obligations. ~~Further, and~~ we have **been in the past** and may again be required to enter into hedging agreements, which ~~requirement may be associated with increases in SOFR~~ **not fully mitigate our interest rate risk, and may expose us to risk of financial loss if the counterparty defaults on its contractual obligations**. We may not be able to maintain a sufficient level of cash flow from operating activities to permit us to pay the principal, premium, if any, and interest on our indebtedness. Any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which would also adversely affect our ability to incur additional indebtedness. ~~We may not be able to refinance any of our indebtedness on commercially reasonable terms or at all. Additionally, in the future we may need to obtain additional financing from banks or other lenders, through public offerings or private placements of debt or equity, through strategic relationships or other arrangements, or from a combination of these sources. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital~~ **from banks or other lenders, through public offerings or private placements of debt or equity, through strategic relationships or other arrangements, or from a combination of these sources**, or seek to restructure or refinance our indebtedness. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants. These alternative measures may not be successful, and we may be unable to meet our scheduled debt service obligations. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service obligations. We may not be able to consummate these asset sales to raise capital or sell assets at prices and on terms that we believe are fair, and any proceeds that we do receive may not be adequate to meet any debt service obligations then due. If we cannot meet our debt service obligations, the holders of our indebtedness may accelerate such indebtedness and, to the extent such indebtedness is secured, foreclose on our assets. In such an event, we may not have sufficient assets to repay our indebtedness. If any of these risks are realized, our business and financial condition would be **materially** adversely affected. Further, in the event of our bankruptcy, dissolution, or liquidation, the holders **of** our Senior Notes and our other indebtedness would be paid in full before any distribution can be made to the holders of our Class A common stock. **The Changes in capital markets could adversely affect our business, sales, results of operations, and financial condition. Changes in the availability or cost of the financing to support the origination and sale of automotive finance receivables could adversely affect sales and results of operations. Among other programs, we may use securitization programs to fund many automotive finance receivables we originate. Changes in the condition of the securitization market price of** could lead us to incur higher costs to access funds in this market or **our** lose access to the market, requiring us to seek alternative means to finance those originations that could be more expensive, or retain residual certificates in excess of those required under the Risk Retention Rules (as defined below), which could have a material adverse effect on our business, sales, and results of operations. Our access to structured finance, securitization, or derivative markets at competitive rates and in sufficient amounts may decline in the future; any material reduction could harm our business, results of operations, and financial condition. We provide financing to customers and typically sell the receivables related to the financing contract. For example, we have entered into various arrangements to pledge or sell automotive finance receivables that we originate, including through committed structured finance arrangements, term securitizations and fixed pool loan sales to financing partners, and plan to enter into new arrangements in the future. Our ability to obtain funding through those channels is subject to having sufficient assets eligible for use as collateral for the related programs and our ability to obtain derivatives to manage interest rate risk among other considerations. If we are unable to continue obtaining funding through those channels, including because we reached our capacity under these or future arrangements, our financing partners exercised constructive or other termination rights before we reached capacity or we reached the scheduled expiration date of the commitment, or because of changes in the condition of the securitization market that result in higher costs to access funds in the market or loss of access to the market, or if we are unable to enter into new arrangements on similar terms, we may not have adequate liquidity and our business, financial condition, and results of

operations may be adversely affected. Furthermore, if our financing partners cease to purchase these receivables, we could be subject to the risk that some of these receivables are not paid when due and we are forced to incur unexpected asset write-offs and bad-debt expense. In addition, the value of any securities that we may retain in our securitizations, including securities retained to comply with the Risk Retention Rules, might be reduced or, in some cases, eliminated as a result of an adverse change in economic conditions or the financial markets. We may experience greater credit losses or prepayments in any interests we hold in automotive finance receivables than we anticipate. Until we sell automotive finance receivables, and to the extent we retain interests in automotive finance receivables, including as a result of economic slowdown or recession, after we sell them, whether pursuant to securitization transactions or otherwise, we are exposed to the risk that applicable customers will be unable or unwilling to repay their loans according to their terms and that the vehicle collateral securing the payment of their loans may not be sufficient to ensure full repayment. Credit losses are inherent in the automotive finance receivables business and could have a material adverse effect on our results of operations. We make various assumptions and judgments about the automotive finance receivables we originate and may provide an allowance for loan losses, value beneficial ownership interests, and estimate prepayment rates based on a number of factors. Although management may establish an allowance for loan losses, value beneficial ownership interests, and estimate prepayment rates based on analysis it believes is appropriate, this may not be adequate. For example, if economic conditions were to deteriorate unexpectedly, additional loan losses not incorporated in the existing allowance or valuation may occur. Losses or prepayments in excess of expectations could have a material adverse effect on our business, results of operations, and financial condition. Risk retention rules may increase our compliance costs, limit our liquidity and otherwise adversely affect our operating results. Effective as of December 24, 2016, "risk retention" rules promulgated by U. S. federal regulators under the Dodd-Frank Act (the "Risk Retention Rules") require a "securitizer" or "sponsor" of a securitization transaction to retain, directly or through a "majority-owned affiliate" (each defined in the Risk Retention Rules), in one or more prescribed forms, at least 5% of the credit risk of the securitized assets. For the securitization transactions for which we have acted as "sponsor," we have sought and will likely continue to seek to satisfy the Risk Retention Rules by retaining a "vertical interest" (as defined in the Risk Retention Rules) through either a majority-owned affiliate (MOA) or directly on our balance sheet. In addition, we have and will likely continue to enter into arrangements to finance a portion of the retained credit risk in one or more prescribed forms under the Risk Retention Rules. In addition to the discussion in this section, see Note 2—Summary of Significant Accounting Policies and Note 9—Securitizations and Variable-Interest Entities. We have also participated in other structured finance transactions that we have determined are not securitizations requiring risk retention, and accordingly, we have not sought to comply with any Risk Retention Rules that would be applicable to securitization transactions. The Risk Retention Rules are subject to varying interpretations, and one or more regulatory or governmental authorities could take positions with respect to the Risk Retention Rules that conflict with, or are inconsistent with, the Risk Retention Rules as understood by or interpreted by us, the securitization industry generally, or past or current regulatory or governmental authorities. There can be no assurance that applicable regulatory or governmental authorities will agree with any of our determinations described above, and if such authorities disagree with such determinations, we may be exposed to additional costs and expenses, in addition to potential liability. We have implemented procedures to comply with the Risk Retention Rules (and other related laws and regulations), as currently understood by us. Maintenance and adherence to these procedures may be costly and may adversely affect our operating results. In addition to the costs generated by our efforts to comply with applicable Risk Retention Rules, which may be significant, compliance with any applicable Risk Retention Rules may require capital, which could potentially have been deployed in other ways that could have generated better value. Holding risk retention interests or finance receivables in contemplation of structured financing increases our exposure to the performance of the finance receivables that underlie or are expected to underlie those transactions. Accordingly, although compliance with applicable Risk Retention Rules would be expected to more closely align our incentives with those of the investors in our finance receivables, it is also expected that poor performance may have a heightened adverse effect on our results of operations, financial condition, and liquidity. Our Class A common stock price has been and may continue to be volatile or may decline regardless of our operating performance. Volatility in the market price of our Class A common stock may prevent our stockholders from being able to sell their shares at or above the price they paid for them. The market price of our Class A common stock has fluctuated, and may continue to fluctuate widely due to many factors, some of which may be beyond our control. The closing price of our Class A common stock between January 1, 2023-2024 and January 1, 2024-2025 has ranged from a low of \$ 4-41 .00 to a high of \$ 59-260 .80. Many factors may cause the market price of our Class A common stock to fluctuate significantly, including those described elsewhere in this "Risk Factors" section and this Annual Report on Form 10-K, as well as the following: • adverse impacts to the larger automotive ecosystem, including consumer demand, global supply chain challenges (including the imposition of new or increased tariffs), and other macroeconomic issues; • previous and future strategic actions and manipulations of the market for our securities by short sellers and "short squeezes"; • our operating and financial performance and prospects; • our quarterly or annual earnings or those of other companies in our industry compared to market; • future announcements or press coverage concerning our business or our competitors' businesses; • the public's reaction to our press releases, other public announcements, and filings with the SEC; • the size of our public float; • trading volume; • coverage by or changes in financial estimates by securities analysts or failure to meet their expectations; • market and industry perception of our success, or lack thereof, in pursuing our growth strategy; • strategic actions by us or our competitors, such as acquisitions or restructurings; • changes in laws or regulations which adversely affect our industry or us; • negative research about our business or downgrades of our Class A common stock published by analysts or journalists or downgrades of our credit rating; • changes in accounting standards, policies, guidance, interpretations, or principles; • changes in senior management or key personnel; • issuances, exchanges, or sales, or expected issuances, exchanges, or sales of our capital stock; • cybersecurity events, pandemics, and other crises or disasters; • adverse resolution of new or pending litigation, claims, or investigations against us; and • changes in general market, economic, and political conditions in the

United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war, and responses to such events. **As a result, volatility** in the market price of our Class A common stock may prevent investors from being able to sell their Class A common stock at or above their purchase price or at all. These broad market and industry factors may materially reduce the market price of our Class A common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our Class A common stock is low. **Because we do** Short sellers of our stock may be manipulative and may have driven down and may again drive down the market price of our common stock. Short selling is the practice of selling securities that the seller does not own but rather has borrowed or intends **intend** to borrow from a third party with the intention of buying identical securities at a later date to return to the lender. A short seller hopes to profit from a decline in the value of the securities, as the short seller expects to pay **dividends** less in the covering purchase than it received in the sale. It is therefore in the short seller's interest for the price of the stock to decline, and some short sellers publish, or arrange for the publication of, opinions or characterizations regarding the relevant issuer, often involving deliberate misrepresentations of the issuer's business prospects and similar matters calculated to create negative market momentum. As a public entity in a highly digital world, we have been and in the future may be the subject of concerted efforts by profiteering short sellers to spread misinformation and misrepresentations in order to gain an illegal market advantage. In the past, the publication of intentional misinformation concerning Carvana by a disclosed short seller could be associated with the selling of shares of our common stock in the market on a large scale, resulting in a precipitous decline in the market price per share of our common stock. In addition, the publication of intentional misinformation may also result in lawsuits, the uncertainty and expense of which could adversely impact our business, financial condition, and reputation. While utilizing all available tools to defend ourselves and our assets against these short seller efforts, there is limited regulatory control, making such efforts an ongoing concern for any public company. While we move forward in our business development strategies in good faith, there are no assurances that we will not face more of these short sellers' efforts or similar tactics by adverse actors in the future, and the market price of our common stock may decline as a result of their actions or the action of other short sellers. A "short squeeze" due to a sudden increase in demand for shares of our Class A common stock that largely exceeds supply has led to, and may continue to lead to, extreme price volatility in shares of our Class A common stock. Speculation on the price of our Class A common stock may involve long and short exposures. To the extent aggregate short exposure exceeds the number of shares of our Class A common stock available for purchase on the open market, investors with short exposure may have to pay a premium to repurchase shares of our Class A common stock for delivery to lenders of the **foreseeable future, any return on investment in** our Class A common stock **is solely dependent upon the appreciation of-** Those repurchases may in turn, dramatically increase the price of shares of our Class A common stock **on the open market,** until additional shares of our Class A common stock are available for trading or borrowing. This is often referred to as a "short squeeze." A large proportion of our Class A common stock has been and may again be traded by short sellers which may **not** increase the likelihood that our **occur** Class A common stock will be the target of a short squeeze. A short squeeze has led and could continue to lead to volatile price movements in shares of our Class A common stock that are unrelated or disproportionate to our operating performance or prospects and, once investors purchase the shares of our Class A common stock necessary to cover their short positions, the price of our Class A common stock may rapidly decline. Investors that purchase shares of our Class A common stock during a short squeeze may lose a significant portion of their investment. The Garcia Parties control us and their interests may conflict with our or our stockholders' interests in the future. The Garcia Parties together hold approximately **87-84** % of the voting power of our outstanding capital stock through their beneficial ownership of our Class A and Class B common stock as of December 31, **2023-2024**. The Garcia Parties are entitled to ten votes per share of Class B common stock they beneficially own, for so long as the Garcia Parties maintain, in the aggregate, direct or indirect beneficial ownership of at least 25 % of the outstanding shares of Class A common stock (determined on an as-exchanged basis assuming that all of the Class A Units were exchanged for Class A common stock). Our Class A common stock **has and all other shares of Class B common stock have** one vote per share. So long as the Garcia Parties continue to beneficially own a sufficient number of shares of Class B common stock, even if they beneficially own significantly less than 50 % of the shares of our outstanding capital stock, the Garcia Parties will continue to be able to effectively control our **decisions-business**. For example, if the Garcia Parties hold Class B common stock **representing** amounting to 25 % of our outstanding capital stock, they would collectively control **72-71** % of the voting power of our capital stock. As a result, the Garcia Parties have the ability to elect all of the members of our Board and thereby effectively control our policies and operations, including the appointment of management, future issuances of our Class A common stock or other securities, the payment of dividends, if any, on our Class A common stock, the incurrence of debt by us, amendments to our amended and restated certificate of incorporation and amended and restated bylaws, and the **execution** entering into of extraordinary transactions. The interests of the Garcia Parties may not in all cases be aligned with our other stockholders' interests. In addition, the Garcia Parties can determine the outcome of all matters requiring stockholder approval, cause or prevent a change of control of our company **or a change in the composition of our Board**, and preclude any acquisition of our company. This concentration of voting control could deprive our stockholders of an opportunity to receive a premium for their shares of Class A common stock as part of a sale of our company and **could ultimately might** affect the market price of our Class A common stock. **The** In addition, the Garcia Parties may **also** have an interest in pursuing acquisitions, divestitures, and other transactions that, in their judgment, could enhance their investment, even though such transactions might involve risks. For example, the Garcia Parties could cause us to make acquisitions that increase our indebtedness or cause us to sell revenue-generating assets. The Garcia Parties may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. The Garcia Parties control and own substantially all interest in DriveTime, which could compete more directly with us in the future. Our amended and restated certificate of incorporation provides that none of the Garcia Parties **and / or any their respective director-directors who is not, partners, principals, officers, members, managers and / or** employed **employees** by us (including any non-employee director who **also** serves as

one of our officers in both his or her director **directors** and officer capacities) or his or her affiliates has any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. The Garcia Parties also may pursue acquisition opportunities that may otherwise be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. Our stock may be diluted by future issuances of additional Class A common stock or LLC Units in connection with our incentive plans, acquisitions, or otherwise ~~;~~ **future** **Future** sales of such shares in the public market or the expectations that such sales may occur could lower our stock price. We may issue additional shares of Class A common stock in several ways: **By the (i) as authorized by our** Board ~~;~~ **Our amended and restated certificate,** **in its sole discretion, whether in connection with acquisitions or otherwise; (ii) at the request of** incorporation authorizes us **LLC Unitholders, requiring Carvana Group to redeem all or a portion of their LLC Units in exchange for newly** ~~issued~~ **issued** shares of our Class A common stock ~~;~~ **(iii) under** and options, rights, warrants and appreciation rights relating to our Class A common stock or **our equity incentive plans available to** the consideration of and on the terms and conditions established by our Board in its sole discretion, whether in connection with acquisitions or **our directors** otherwise. In 2023, in connection with **employees and consultants; and (iv) under our “ at-the-market offerings - offering ” program** (of Class A common stock to other ~~---~~ **the “ ATM Program ”**) that provides investors, we issued additional Class A Units to the Garcia Parties, which are exchangeable for shares of our Class A common stock, as discussed in Note 11 — Stockholders' Equity (Deficit). Under the Exchange Agreement, LLC Unitholders may require Carvana Group to redeem all or a portion of their LLC Units in exchange for, at our election, (1) a cash payment by Carvana Group or (2) newly issued shares of Class A common stock, in each case in accordance with the terms and conditions of the Exchange Agreement. The LLC Agreement authorizes Carvana Group to issue additional LLC Units whether in connection with an acquisition or otherwise. We have entered into a Registration Rights Agreement with certain LLC Unitholders that would require us to register shares issued to them ~~—~~ **the sale**, and we may enter into similar agreements in the future. Under the 2017 Omnibus Incentive Plan. As of December 31, 2023, we had remaining 17 million shares of Class A common stock available for issuance under our 2017 Omnibus Incentive Plan (the "2017 Incentive Plan"), as adjusted pursuant to the terms of the 2017 Incentive Plan (as defined in Note 13 — Equity-Based Compensation). As of December 31, 2023 we have granted 14 million restricted stock awards and units and options to purchase 4 million shares of Class A common stock to certain consultants, directors, and employees, net of forfeitures, expirations, and exercises. Under the Carvana Co. 2021 Employee Stock Purchase Plan. We have reserved 500,000 shares of Class A common stock for issuance under our ESPP (as defined in Note 13 — Equity-Based Compensation). As of December 31, 2023, we have issued 121,636 shares of Class A common stock to certain employees. We have 378,364 shares of Class A common stock available for future issuance under our ESPP as of December 31, 2023. Pursuant to the Tax Asset Preservation Plan. As discussed below, we adopted a Tax Asset Preservation Plan in order to preserve our NOL carryforwards. If the Rights under the Tax Asset Preservation Plan become exercisable, our stock may be diluted, though only the interests of the Acquiring Person (as defined below) would be diluted. Through our At-The-Market Offering. On July 19, 2023, we entered into a distribution agreement with Citigroup Global Markets Inc. and Moelis & Company LLC, whereby the Company may sell up to the greater of (i) **a number of** shares of Class A common stock representing an aggregate offering price of \$ 1.0 billion ~~;~~ or (ii) an aggregate of **35 million** ~~21,016,898~~ **21,016,898** shares of **its** Class A common stock, from time to time ~~;~~ through an "at-the-market offering" program (the "ATM Program"). We will have discretion, subject to market demand, to vary the timing, prices, and number of shares sold under the Distribution Agreement. Any stock that we issue or exchange would dilute **dilutes** the percentage ownership held by the investors who **purchase** ~~hold~~ Class A common stock. The market price of shares of our Class A common stock could decline as a result of newly issued or exchanged stock, or the perception that we might issue or exchange stock. A decline in the price of our Class A common stock might impede our ability to raise capital through the issuance of additional shares of Class A common stock or other equity securities. In addition, in order to raise additional capital, we may in the future offer additional shares of our Class A common stock or other securities convertible into or exchangeable for our Class A common stock at various prices. Investors purchasing shares or other securities in the future could have rights superior to existing stockholders, and any future equity offerings will result in further dilution for our existing stockholders. We have broad discretion in how we use the net proceeds from the ATM Program, and we may **issue shares of preferred stock** not use the proceeds effectively or in ways with **the future**, which **could make it difficult** our stockholders agree. We have not designated any portion of the net proceeds from the ATM Program to be used for **another company** any particular purpose. Our management will have broad discretion as to **acquire us or** the application of the net proceeds from the ATM Program and could use **depress** them ~~—~~ **the** for purposes other than those contemplated at the time of the execution of the ATM distribution agreement. Our stockholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds. Moreover, our management may use the net proceeds for corporate purposes that may not increase the market price of our Class A common stock ~~;~~ **Substantial blocks of our** ~~—~~ **or otherwise adversely affect holders** total outstanding shares may be sold into the market. If there are substantial sales of shares of our Class A common stock ~~;~~ **Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our Board has the authority to determine the preferences, limitations, and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend, and the other price rights superior to the rights** of our Class A common stock could decline. The price **potential issuance** of **preferred** our Class A common stock **may delay** could decline if there are substantial sales of our ~~—~~ **or prevent a** Class A common stock (including sales of Class A common stock issuable upon exchange ~~—~~ **change in control** of us LLC Units), **discouraging bids** particularly sales by our directors, executive officers, and significant stockholders, or if there is a large number of shares of our Class A common stock available for sale. As of December 31, 2023, we had 114 million shares of our Class A common stock outstanding. All the shares of Class A common stock sold in our IPO and various follow-on offerings are available for sale in

the public market. Shares held by directors, executive officers and other affiliates are subject to volume limitations under Rule 144 under the Securities Act of 1933, as amended, (the "Securities Act"), and various vesting agreements. Certain of our LLC Unitholders have rights, subject to conditions, to require us to file registration statements covering Class A common stock issuable to them upon exchange of their LLC Units. We would be required to include certain Class A common shares in registration statements that we may file for ourselves or our stockholders, subject to market standoff and lockup agreements. These registration rights would facilitate the resale of such securities into the public market, and any such resale would increase the number of shares of our Class A common stock available for public trading. We also intend to register shares of common stock that we have issued and may issue under our employee equity incentive plans. Once we register these shares, they will be able to be sold freely in the public market upon issuance, subject to existing market standoff or lock-up agreements. The market price of the shares of our Class A common stock could decline as a result of the sale of a substantial number of our shares of Class A common stock in the public market or the perception in the market that the holders of a large number of such shares intend to sell their shares. We have entered into a Tax Asset Preservation Plan designed to preserve shareholder value and the value of certain tax assets primarily associated with NOL carryforwards and built-in losses under Section 382 of the Code. The Tax Asset Preservation Plan is intended to act as a deterrent to any person or group acquiring 4.9% or more of our outstanding Class A common stock (any such person an "Acquiring Person"), without the approval of our Board, until the Board determines that the risks associated with Section 382 of the Code have sufficiently decreased to withdraw the Tax Asset Preservation Plan. In connection therewith, on January 16, 2023, the Board declared a dividend of one preferred share purchase right (a "Right") for each share of Class A common stock of the Company. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series B Preferred Stock, par value \$ 0.01 per share, of the Company (the "Preferred Shares") at a price of \$ 50.00 per one one-thousandth of a Preferred Share represented by a Right (the "Purchase Price"), subject to adjustment. The Rights will separate and begin trading separately from the Class A common stock, and right certificates will be caused to evidence the Rights, on the earlier to occur of (i) the close of business on the tenth day following a public announcement, or the public disclosure of facts indicating, that a person becomes an "Acquiring Person" (or, in the event that the Board determines to effect an exchange in accordance with Section 24 of the Tax Asset Preservation Plan and the Board determines that a later date is advisable, then such later date) and (ii) the close of business on the tenth business day (or such later date as may be determined by action of the Board prior to such time as any person becomes an Acquiring Person) following the commencement of a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 4.9% or more of the outstanding Class A common stock. If issued, each Right, other than Rights beneficially owned by the Acquiring Person (which will thereupon become void) will become exercisable for Class A common stock having a value equal to two times the exercise price of the Right. However, prior to exercise, a Right does not give its holder any rights as a stockholder of the Company, including without limitation, any dividend, voting or liquidation rights. Although our Tax Asset Preservation Plan is intended to prevent an "ownership change" as defined by Section 382 of the Code, we cannot provide any assurance that we will not experience such an ownership change or that we will otherwise be able to use, in full or in part, our NOLs. Additionally, the Tax Asset Preservation Plan may make our Class A common stock less attractive to large institutional holders, discourage potential acquirers from attempting to take over our company, limit the price that investors might be willing to pay for shares of our Class A common stock and otherwise hinder the market for our Class A common stock. We do not intend to pay dividends on our Class A common stock for the foreseeable future. We currently have no intention to pay dividends on our Class A common stock at a premium any time in the foreseeable future. Any decision to declare and pay dividends in the market price future will be made at the discretion of our Board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions, and other factors that our Board may deem relevant. Certain of our debt instruments contain covenants that restrict our ability and the ability of our subsidiaries to pay dividends and in the future we may enter into new instruments with similar covenants. In addition, despite our current indebtedness, we may still be able to incur additional debt in the future, and such indebtedness may restrict or prevent us from paying dividends on our Class A common stock. Delaware law and certain provisions in our amended and restated certificate of incorporation may prevent efforts by our stockholders to change the direction or management of our company. We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and our amended and restated by-laws contain provisions that may make the acquisition of our company more difficult without the approval of our Board, including, but not limited to, the following: • the Garcia Parties are entitled to ten votes for each share of our Class B common stock they hold of record on all matters submitted to a vote of stockholders for so long as the Garcia Parties maintain direct or indirect beneficial ownership of at least 25% of the outstanding shares of Class A common stock (determined on an as-exchanged basis assuming that all of the Class A Units were exchanged for Class A common stock); • at such time as there are no outstanding shares of Class B common stock, only our Board may call special meetings of our stockholders; • we have authorized undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval; and • we require advance notice and duration of ownership requirements for stockholder proposals. Our amended and restated certificate of incorporation also contains a provision that provides us with protections similar to Section 203 of the DGCL, and prevents us from engaging in a business combination with a person (excluding the Garcia Parties and their transferees) who acquires at least 15% of our common stock for a period of three years from the date such person acquired such common stock, unless board or stockholder approval is obtained prior to the acquisition. These provisions could discourage, delay, or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors of their choosing and cause us to take other corporate actions our stockholders desire, including

actions that our stockholders may deem advantageous, or negatively affect the trading price of our Class A common stock. In addition, because our Board is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. These and other provisions in our **amended and restated** certificate of incorporation, **amended and restated** bylaws, and Delaware law could make it more difficult for stockholders or potential acquirers to obtain control of our Board or to initiate actions that are opposed by our then-current Board, a merger, tender offer, or proxy contest involving our company. The existence of these provisions could negatively affect the price of our **Class A** common stock and limit opportunities for our stockholders to realize value in a corporate transaction. With limited exceptions, the Court of Chancery of the State of Delaware is the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees, or stockholders. Pursuant to our **amended and restated** certificate of incorporation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (3) any action asserting a claim against us arising pursuant to any provision of the DGCL, our **amended and restated** certificate of incorporation or **of incorporation** or **our amended and restated** bylaws, or (4) any other action asserting a claim against us that is governed by the internal affairs doctrine. The forum selection clause in our **amended and restated** certificate of incorporation may have the effect of discouraging lawsuits against us or our directors and officers and may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees, or stockholders.

28 We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock. Our certificate of incorporation authorizes us to issue one or more series of preferred stock. Our Board has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our Class A common stock at a premium to the market price, and materially adversely affect the market price and the voting and other rights of the holders of our Class A common stock. We rely on third-party technology to complete critical business functions. If that technology fails to adequately serve our needs and we cannot find alternatives, it may negatively impact our operating results. We rely on third-party technology for certain of our critical business functions, including supply chain management, customer identity verification, transportation fleet telemetry, network infrastructure for hosting the website and mobile application, inventory data, software libraries, development environments and tools, services to allow customers to digitally sign contracts, customer service call center management software, automation controls and software for our vending machines, hosted telephony, human resource management, e-mail, instant messaging, artificial intelligence, data reporting, and security. If these technologies fail or we cannot maintain our relationships with the technology providers and we cannot find suitable alternatives, our financial condition and operation results may be adversely affected. Our results of operations and financial condition are subject to management's accounting judgments, estimates, and changes in accounting policies. The preparation of our financial statements requires us to make estimates and assumptions affecting the reported amounts of our assets, liabilities, revenues, and expenses. If these estimates or assumptions are incorrect, it could have a material adverse effect on our results of operations or financial condition. We have identified several accounting policies as being "critical" to the fair presentation of our financial condition and results of operations because they involve major aspects of our business and require us to make judgments about matters that are inherently uncertain. These policies are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to consolidated financial statements included in this Annual Report on Form 10-K. The implementation of new accounting requirements or other changes to U. S. generally accepted accounting principles could have a material adverse effect on our reported results of operations and financial condition. Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition. We are subject to income taxes in the United States, and our tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: • changes in the valuation of our deferred tax assets and liabilities; • expected timing and amount of the release of any tax valuation allowances; • expiration of or detrimental changes in research and development tax credit laws; or • changes in tax laws, regulations, or interpretations thereof. In addition, we may be subject to audits of our income, sales and other transaction taxes by U. S. federal and state authorities. Outcomes from these audits could have an adverse effect on our operating results and financial condition. We are subject to SEC rules and regulations regarding our internal control over financial reporting. If we fail to remediate material weaknesses in our internal control over financial reporting or otherwise establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results, or report them in a timely manner. As a public reporting company, we are subject to the rules and regulations established from time to time by the SEC and the NYSE. These rules and regulations require that, among other things, we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel. Our management team, including our chief executive officer and chief financial officer, has limited experience managing a publicly traded company, and limited experience complying with the increasingly complex and changing laws pertaining to public companies. In addition, as a public company we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our independent registered public accounting firm can attest in this Annual Report on Form

10-K as to the effectiveness of our internal control over financial reporting, and in future annual reports. Under this law, we have been required and will continue to be required to document and make significant changes to our internal control over financial reporting. If our senior management is unable to conclude that we have effective internal control over financial reporting or to certify the effectiveness of such controls; if our independent registered public accounting firm cannot render an unqualified opinion on management's assessment and the effectiveness of our internal control over financial reporting; or if material weaknesses in our internal control over financial reporting is identified, we could be subject to regulatory scrutiny, a loss of public and investor confidence, and to litigation from investors and stockholders, which could have a material adverse effect on our business and our stock price. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could cause a decline in our common stock price and adversely affect our results of operations and financial condition. Negative research about our business published by analysts or journalists could cause our stock price to decline. A lack of regularly published research about our business could cause trading volume or our stock price to decline. The trading market for our Class A common stock depends in part on the research and reports that analysts and journalists publish about us or our business. If analysts or journalists publish inaccurate or unfavorable research about our business, our stock price would likely decline. If we fail to meet the expectations of analysts for our operating results, or if the analysts who cover us downgrade our stock, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline. 45