

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

May 18, 2022

Date of Report (date of earliest event reported)

COPART, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

000-23255

(Commission File Number)

94-2867490

(I.R.S. Employer Identification No.)

14185 Dallas Parkway

Suite 300

Dallas

Texas

75254

(Address of principal executive offices, including zip code)

(972) 391-5000

Not applicable

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, par value \$0.0001

Trading Symbol(s)
CPRT

Name of each exchange on which registered
The NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

INFORMATION INCLUDED IN THIS REPORT

Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition

The following information and the exhibit attached hereto as Exhibit 99.1 are intended to be furnished under Item 2.02 of Form 8-K, "Results of Operations and Financial Condition." This information and the exhibit attached hereto as Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this report, regardless of any general incorporation language in the filing, except as shall be expressly set forth by specific reference in such filing.

On February 16, 2022, Copart, Inc. issued a press release announcing its financial results for the third quarter of fiscal year 2022, which ended April 30, 2022. The full text of the press release is furnished herewith as [Exhibit 99.1](#).

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibits are furnished herewith:

Exhibit Number	Description
99.1	Press release, dated February 16, 2022 of Copart, Inc. announcing its financial results for the second quarter of fiscal year 2022, which ended January 31, 2022.
104	Cover Page Interactive Data File, formatted in Inline Extensible Business Reporting Language (iXBRL).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 16, 2022

COPART, INC.

By: /s/ John North
John North
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number	Description
-------------------	-------------

99.1	Press release, dated February 16, 2022 of Copart, Inc. announcing its financial results for the second quarter of fiscal year 2022, which ended January 31, 2022.
----------------------	---

104	Cover Page Interactive Data File, formatted in Inline Extensible Business Reporting Language (iXBRL).
-----	---

Copart, Inc.

For Immediate Release

Copart Reports Third Quarter Fiscal 2022 Financial Results

Dallas, Texas May 18, 2022 — Copart, Inc. (NASDAQ: CPRT) today reported financial results for the quarter ended April 30, 2022.

For the three months ended April 30, 2022, revenue, gross profit, and net income were \$939.9 million, \$436.3 million, and \$278.6 million, respectively. These represent an increase in revenue of \$206.0 million, or 28.1%; an increase in gross profit of \$54.9 million, or 14.4%; and a decrease in net income of \$(8.2) million, or (2.9)%, respectively, from the same period last year. Fully diluted earnings per share for the three months were \$1.16 compared to \$1.19 last year, a decrease of (2.5)%.

For the nine months ended April 30, 2022, revenue, gross profit, and net income were \$2,617.5 million, \$1,224.6 million, and \$826.4 million, respectively. These represent an increase in revenue of \$673.7 million, or 34.7%; an increase in gross profit of \$239.0 million, or 24.3%; and an increase in net income of \$145.9 million, or 21.4%, respectively, from the same period last year. Fully diluted earnings per share for the nine months were \$3.42 compared to \$2.83 last year, an increase of 20.8%.

Excluding the impact of certain income tax benefits related to stock-based compensation and certain legal matters, non-GAAP fully diluted earnings per share for the three months ended April 30, 2022 and 2021 were \$1.17, and \$1.09, respectively, which was an increase of 7.3%. Excluding the impact of certain income tax benefits related to stock-based compensation, certain legal matters and discrete income tax items, non-GAAP fully diluted earnings per share for the nine months ended April 30, 2022 and 2021, were \$3.34, and \$2.68, respectively, which was an increase of 24.6%. A reconciliation of non-GAAP financial measures to the most directly comparable financial measures computed in accordance with U.S. generally accepted accounting principles (GAAP) can be found in the tables attached to this press release.

On Thursday, May 19, 2022, at 11 a.m. Eastern Time, Copart will conduct a conference call to discuss the results for the quarter. The call will be webcast live and can be accessed via hyperlink at www.copart.com/investorrelations. A replay of the call will be available through August 2022 by visiting www.copart.com/investorrelations.

About Copart

Copart, Inc., founded in 1982, is a global leader in online vehicle auctions. Copart's innovative technology and online auction platform links sellers to more than 750,000 members in over 170 countries. Copart offers services to process and sell vehicles to dealers, dismantlers, rebuilders, exporters, and to the general public. Copart sells vehicles on behalf of insurance companies, banks, finance companies, charities, fleet operators, dealers, vehicle rental companies, and individuals. With operations at over 200 locations in 11 countries, Copart has more than 250,000 vehicles available online every day. Copart currently operates in the United States (Copart.com), Canada (Copart.ca), the United Kingdom (Copart.co.uk), Brazil (Copart.com.br), the Republic of Ireland (Copart.ie), Germany (Copart.de), Finland (Copart.fi), the United Arab Emirates, Oman and Bahrain (Copartmea.com), and Spain (Copart.es). For more information, or to become a Member, visit Copart.com/Register.

Copart, Inc.

Use of Non-GAAP Financial Measures

Included in this release are certain non-GAAP financial measures, including non-GAAP net income per diluted share, which exclude the impact of certain income tax benefits related to stock-based compensation, certain legal matters and discrete income tax items. These non-GAAP financial measures do not represent alternative financial measures under GAAP. In addition, these non-GAAP financial measures may be different from non-GAAP financial measures used by other companies. Furthermore, these non-GAAP financial measures do not reflect a comprehensive view of Copart's operations in accordance with GAAP and should only be read in conjunction with the corresponding GAAP financial measures. This information constitutes non-GAAP financial measures within the meaning of Regulation G adopted by the U.S. Securities and Exchange Commission. Accordingly, Copart has presented herein, and will present in other information it publishes that contains these non-GAAP financial measures, a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

Copart believes the presentation of non-GAAP net income per diluted share included in this release in conjunction with the corresponding GAAP financial measures provides meaningful information for investors, analysts and management in assessing Copart's business trends and financial performance.

Cautionary Note About Forward-Looking Statements

This press release contains forward-looking statements within the meaning of federal securities laws, including statements concerning the potential impact of the COVID-19 pandemic on our business, operations, and operating results. These forward-looking statements are subject to substantial risks and uncertainties. These forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected or implied by our statements and comments. For a more complete discussion of the risks that could affect our business, please review the "Management's Discussion and Analysis" and the other risks identified in Copart's latest Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, as filed with the Securities and Exchange Commission. We encourage investors to review these disclosures carefully. We do not undertake to update any forward-looking statement that may be made from time to time on our behalf.

Contact: Brooke Boston, Executive Assistant, Office of the Chief Financial Officer
brooke.boston@copart.com

Copart, Inc.

Consolidated Statements of Income (In thousands, except per share amounts) (Unaudited)

	Three Months Ended April 30,			Nine Months Ended April 30,		
	2022	2021	% Change	2022	2021	% Change
Service revenues and vehicle sales:						
Service revenues	\$ 766,316	\$ 623,846	22.8 %	\$ 2,145,224	\$ 1,671,819	28.3 %
Vehicle sales	173,625	110,064	57.7 %	472,309	272,062	73.6 %
Total service revenues and vehicle sales	939,941	733,910	28.1 %	2,617,533	1,943,881	34.7 %
Operating expenses:						
Yard operations	313,365	230,794	35.8 %	878,740	646,690	35.9 %
Cost of vehicle sales	157,236	94,498	66.4 %	423,948	232,487	82.4 %
Yard depreciation and amortization	31,646	25,876	22.3 %	86,383	74,350	16.2 %
Yard stock-based compensation	1,417	1,401	1.1 %	3,813	4,746	(19.7)%
Gross profit	436,277	381,341	14.4 %	1,224,649	985,608	24.3 %
General and administrative	50,188	39,174	28.1 %	134,057	110,326	21.5 %
General and administrative depreciation and amortization	4,933	6,090	(19.0)%	15,269	17,957	(15.0)%
General and administrative stock-based compensation	8,401	7,966	5.5 %	25,119	22,399	12.1 %
Total operating expenses	567,186	405,799	39.8 %	1,567,329	1,108,955	41.3 %
Operating income	372,755	328,111	13.6 %	1,050,204	834,926	25.8 %
Other expense:						
Interest expense, net	(4,492)	(5,346)	(16.0)%	(14,032)	(15,227)	(7.8)%
Other income, net	1,342	770	74.3 %	1,314	3,103	(57.7)%
Total other expense	(3,150)	(4,576)	(31.2)%	(12,718)	(12,124)	4.9 %
Income before income taxes	369,605	323,535	14.2 %	1,037,486	822,802	26.1 %
Income tax expense	90,985	36,739	147.7 %	211,091	142,281	48.4 %
Net income	\$ 278,620	\$ 286,796	(2.9)%	\$ 826,395	\$ 680,521	21.4 %
Basic net income per common share	\$ 1.17	\$ 1.21	(3.3)%	\$ 3.48	\$ 2.88	20.8 %
Weighted average common shares outstanding	237,505	236,396	0.5 %	237,277	236,110	0.5 %
Diluted net income per common share	\$ 1.16	\$ 1.19	(2.5)%	\$ 3.42	\$ 2.83	20.8 %
Diluted weighted average common shares outstanding	240,724	240,208	0.2 %	241,288	240,149	0.5 %

Copart, Inc.
Consolidated Balance Sheets
(In thousands)
(Unaudited)

	<u>April 30, 2022</u>	<u>July 31, 2021</u>
ASSETS		
Current assets:		
Cash, cash equivalents, and restricted cash	\$ 1,454,818	\$ 1,048,260
Investment in held to maturity securities	224,889	—
Accounts receivable, net	585,914	480,628
Vehicle pooling costs	114,028	94,449
Inventories	56,988	44,968
Income taxes receivable	1,581	20,012
Prepaid expenses and other assets	19,208	14,294
Total current assets	<u>2,457,426</u>	<u>1,702,611</u>
Property and equipment, net	2,402,809	2,296,624
Operating lease right-of-use assets	121,006	119,487
Intangibles, net	40,854	45,873
Goodwill	348,000	355,717
Other assets	73,779	41,831
Total assets	<u>\$ 5,443,874</u>	<u>\$ 4,562,143</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 398,414	\$ 369,826
Deferred revenue	21,087	20,973
Income taxes payable	6,907	7,760
Current portion of operating and finance lease liabilities	22,687	22,472
Total current liabilities	<u>449,095</u>	<u>421,031</u>
Deferred income taxes	78,023	63,969
Income taxes payable	61,359	52,345
Operating and finance lease liabilities, net of current portion	99,610	97,961
Long-term debt and other liabilities, net of discount	402,733	397,636
Total liabilities	<u>1,090,820</u>	<u>1,032,942</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock	24	24
Additional paid-in capital	811,900	761,834
Accumulated other comprehensive loss	(152,596)	(100,860)
Retained earnings	<u>3,693,726</u>	<u>2,868,203</u>
Total stockholders' equity	<u>4,353,054</u>	<u>3,529,201</u>
Total liabilities and stockholders' equity	<u>\$ 5,443,874</u>	<u>\$ 4,562,143</u>

Copart, Inc.

Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Nine Months Ended April 30,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 826,395	\$ 680,521
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including debt cost	102,333	93,141
Allowance for credit loss	1,456	(1,429)
Equity in losses (earnings) of unconsolidated affiliates	794	(2,121)
Stock-based compensation	28,932	27,145
Gain on sale of property and equipment	(1,280)	(1,257)
Deferred income taxes	14,582	(14,130)
Changes in operating assets and liabilities:		
Accounts receivable	(109,636)	(81,593)
Vehicle pooling costs	(20,029)	(12,777)
Inventories	(13,367)	(18,788)
Prepaid expenses, other current and non-current assets	(37,842)	6,879
Operating lease right-of-use assets and lease liabilities	436	389
Accounts payable, accrued liabilities and other liabilities	45,745	47,914
Deferred revenue	388	8,467
Income taxes receivable	18,416	16,152
Income taxes payable	6,531	13,692
Net cash provided by operating activities	863,854	762,205
Cash flows from investing activities:		
Purchases of property and equipment	(234,810)	(364,395)
Purchase of assets in connection with acquisitions	(493)	—
Proceeds from sale of property and equipment	2,622	599
Purchase of held to maturity securities	(374,866)	—
Proceeds from the sale of held to maturity securities	149,977	—
Net cash used in investing activities	(457,570)	(363,796)
Cash flows from financing activities:		
Proceeds from the exercise of stock options	16,108	28,829
Proceeds from the issuance of Employee Stock Purchase Plan shares	5,026	4,880
Payments for employee stock-based tax withholdings	(872)	(938)
Debt offering costs	(1,212)	—
Payments of finance lease obligations	(472)	(962)
Net cash provided by financing activities	18,578	31,809
Effect of foreign currency translation	(18,304)	3,954
Net increase in cash, cash equivalents, and restricted cash	406,558	434,172
Cash, cash equivalents, and restricted cash at beginning of period	1,048,260	477,718
Cash, cash equivalents, and restricted cash at end of period	\$ 1,454,818	\$ 911,890
Supplemental disclosure of cash flow information:		
Interest paid	\$ 14,485	\$ 14,736
Income taxes paid, net of refunds	\$ 195,521	\$ 126,303

Copart, Inc.

Additional Financial Information Reconciliation of GAAP to Non-GAAP Financial Measures (In thousands, except per share amounts) (Unaudited)

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2022	2021	2022	2021
GAAP net income	\$ 278,620	\$ 286,796	\$ 826,395	\$ 680,521
Effect of certain discrete income tax items	—	(19,764)	(17,490)	(19,764)
Effect of certain legal matters, net of tax	5,092	—	5,092	—
Effect of recognizing tax benefit on exercise of stock-based compensation	(2,244)	(4,910)	(9,197)	(18,850)
Non-GAAP net income	<u>\$ 281,468</u>	<u>\$ 262,122</u>	<u>\$ 804,800</u>	<u>\$ 641,907</u>
GAAP net income per diluted common share	<u>\$ 1.16</u>	<u>\$ 1.19</u>	<u>\$ 3.42</u>	<u>\$ 2.83</u>
Non-GAAP net income per diluted common share	<u>\$ 1.17</u>	<u>\$ 1.09</u>	<u>\$ 3.34</u>	<u>\$ 2.68</u>