

# Q1 2024 Earnings Presentation

May 9, 2024



# Cautionary Note Regarding Forward-Looking Statements

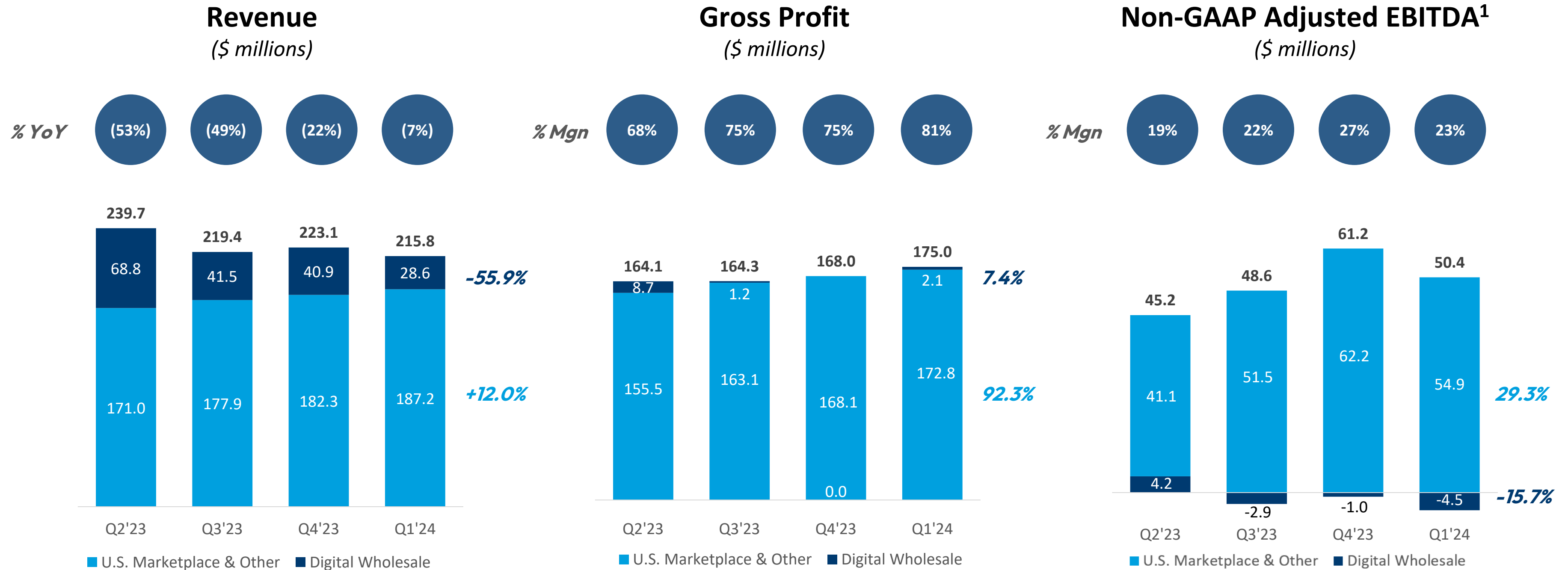
This presentation includes “forward-looking statements.” The words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “goal,” “guide,” “intend,” “may,” “might,” “plan,” “potential,” “predicts,” “projects,” “seeks,” “should,” “target,” “will,” “would,” and similar expressions and their negatives are intended to identify forward-looking statements. In particular, statements in this presentation regarding our transformation to a transaction-enabled platform; industry trends; our market awareness; our business and growth strategy and our plans to execute on our growth strategy; our ability to grow our business profitably and efficiently; our expectation that we will continue to invest in growth initiatives; the growth levers we expect to drive our business; our brand awareness efforts; our investments in and ability to drive adoption of new and existing products and their benefits; the attractiveness and value proposition of our current offerings and other product opportunities; our ability to maintain existing and acquire new customers; addressable opportunities; synergies that can be created from our combined offerings, including our ability to help dealers optimize margins; the potential growth, scaling, and efficiency of CarOffer as well as the value proposition of CarOffer’s business and expected transaction synergies; our ability to grow the CarOffer business and return it to profitability; the potential growth and scaling of our various product opportunities; the impact of macro-level industry issues on our business and financial results; global and domestic economic conditions; statements regarding our future financial and business performance for the second quarter 2024; and other statements regarding our plans, prospects, and expectations, are examples of such forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those reflected in such statements, including risks related to our growth and our ability to grow our revenue; our relationships with dealers; competition in the markets in which we operate; market growth; our ability to innovate; our ability to realize benefits from our acquisitions and successfully implement the integration strategies in connection therewith; increased inflation and interest rates, global supply challenges, and other macroeconomic issues; the material weakness identified in our internal controls over financial reporting; changes in our key personnel; natural disasters, epidemics, or pandemics; and our ability to operate in compliance with applicable laws as well as other risks and uncertainties as may be detailed from time to time in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q and other reports we file with the U.S. Securities and Exchange Commission (“SEC”). These factors could cause actual results and developments to be materially different from those expressed in or implied by such statements. Forward-looking statements do not guarantee future performance and actual results may differ materially from those projected. The forward-looking statements are made only as of the date of this presentation, and we undertake no obligation to update such forward-looking statements to reflect subsequent events or circumstance.

This presentation also contains estimates and other statistical data, including those relating to our industry and the market in which we operate, that we have obtained or derived from internally-prepared studies and surveys, third-party studies, and industry publications and reports as well as other publicly available information prepared by a number of third-party sources. We rely on both internal data and Google Analytics for data relating to our own key business metrics and, for consistency, we rely on Similarweb and, as applicable, third-party studies for data relating to comparisons with our competitors. Google Analytics, Similarweb, and applicable third-party studies use different methodologies to derive their data and therefore their data for similar statistics are not comparable. These third-party studies and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates, as there is no assurance that any of them will be reached. Based on our experience, we believe that these third-party studies and industry publications and reports are reliable and that the conclusions contained therein are reasonable. In addition, you are cautioned not to rely on our extrapolations of internally-prepared studies and surveys and/or third-party studies, as these are estimates involving a number of assumptions and limitations, which we are unable to ensure will be reached.

In addition to the financial measures contained in this presentation that are prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), this presentation includes certain non-GAAP financial measures and other business metrics. The presentation of non-GAAP financial information and other business metrics is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. While our non-GAAP financial measures and other business metrics are an important tool for financial and operational decision-making and for evaluating our own operating results over different periods of time, we urge investors to review the reconciliation of the non-GAAP financial measures to the comparable GAAP financial measure included in the Appendix to this presentation, and not to rely on any single financial measure to evaluate our business.

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# Financial Highlights - First Quarter 2024



U.S. Marketplace & Other growth accelerated for the fifth consecutive quarter

1. Please see the Appendix to this presentation for a reconciliation of this non-GAAP measure.

# Drivers of Value Creation - First Quarter 2024 Progress

## More Value to Dealers

- Services embedded in dealers' daily workflow
- Double-digit lead growth YoY
- Lifecycle account management drives longer contract duration

## Better Consumer Experience

- Largest vehicle selection<sup>1</sup>, convenience, and price
- #1 automotive app<sup>2</sup>, driving more than 1/4 of leads
- 90% Net Promoter Score for Marketplace<sup>3</sup>

## Transaction Enablement

- Digital Deal adoption up nearly 3x YoY; deposits +185% YoY
- Top Dealer Offers expanded to major metro areas
- CG Buy Online coverage across 10 states

## Rebuild & Integrate Digital Wholesale

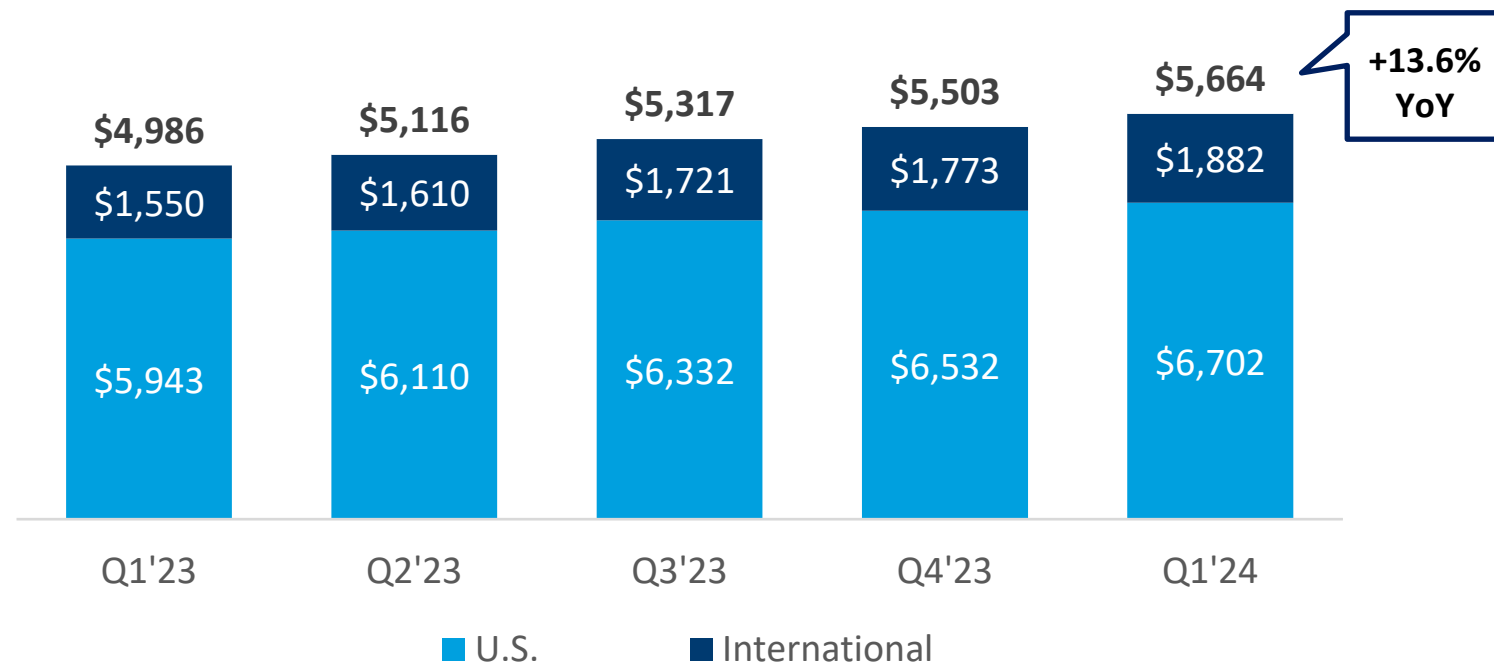
- Consultative Go-To-Market approach; new salesforce incentives
- Improved Matrix usability
- Market insights increases dealer engagement and retention<sup>4</sup> up to 5x

Leveraging data and transaction capabilities to deliver more value to dealers and consumers

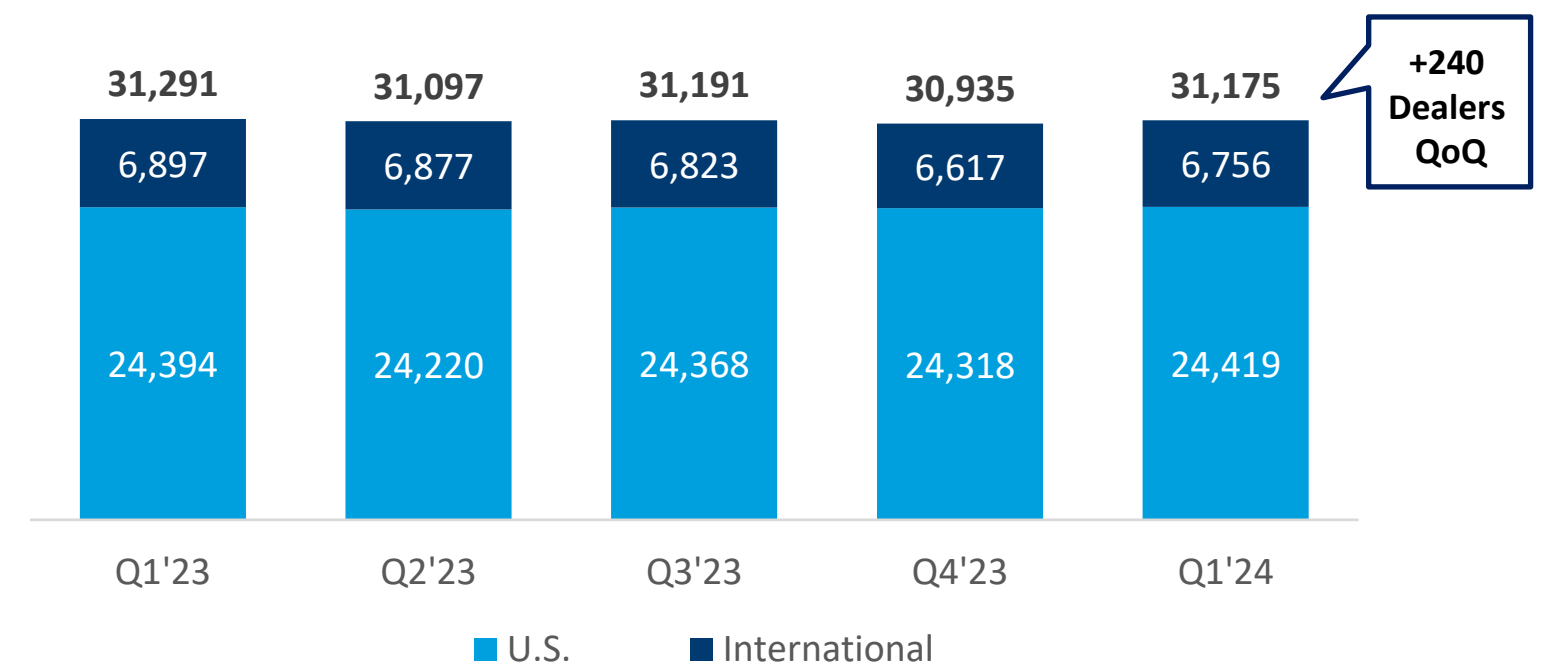
1. Compared to major online automotive marketplaces in the U.S., defined as CarGurus.com, Autotrader.com, Cars.com, and TrueCar.com; Based on YipitData as of March 31, 2024  
2. CarGurus app was most downloaded app in automotive classification in iOS store in Q1 2024  
3. Q1 2024 Net Promoter Score data, n=197, NPS scores 9-10  
4. CarGurus internal data

# Strong QARSD Growth and Dealer Adoption






## QARSD<sup>1</sup>








## Paying Dealers<sup>1</sup>



## Drivers of QARSD<sup>1</sup>

-  Adding new dealers at current market rates
-  Subscription upgrades to higher tiers
-  Lead quantity and quality
-  Contract renewals at market rates
-  Product innovation and adoption

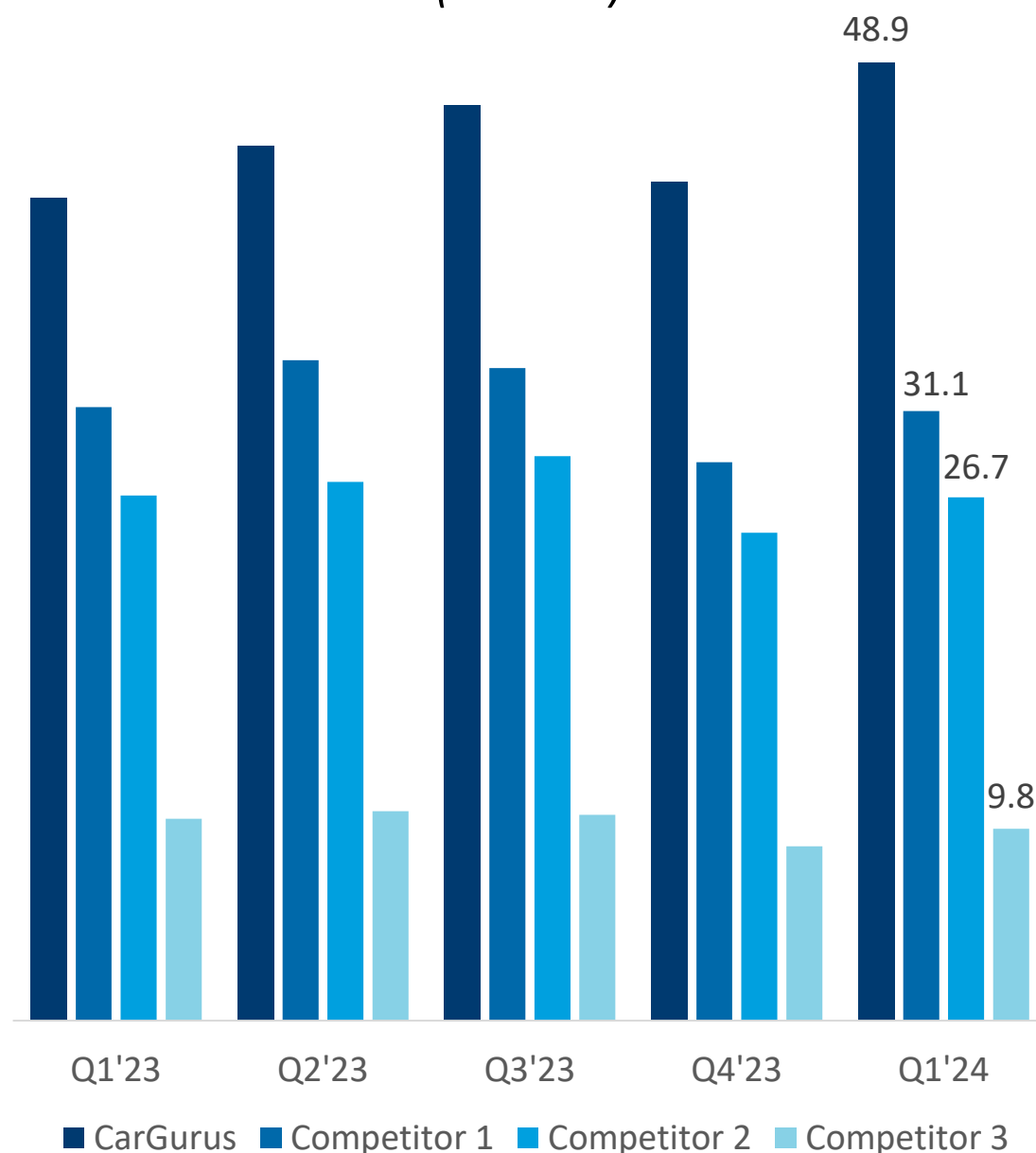
## Paying Dealers<sup>1</sup>

-  Becoming further entrenched in dealers' daily workflow
-  Leveraging Dealer Data Insights tools
-  Product innovation and lead quantity and quality driving higher ROI
-  Greater adoption of annual contracts
-  Improved dealer retention

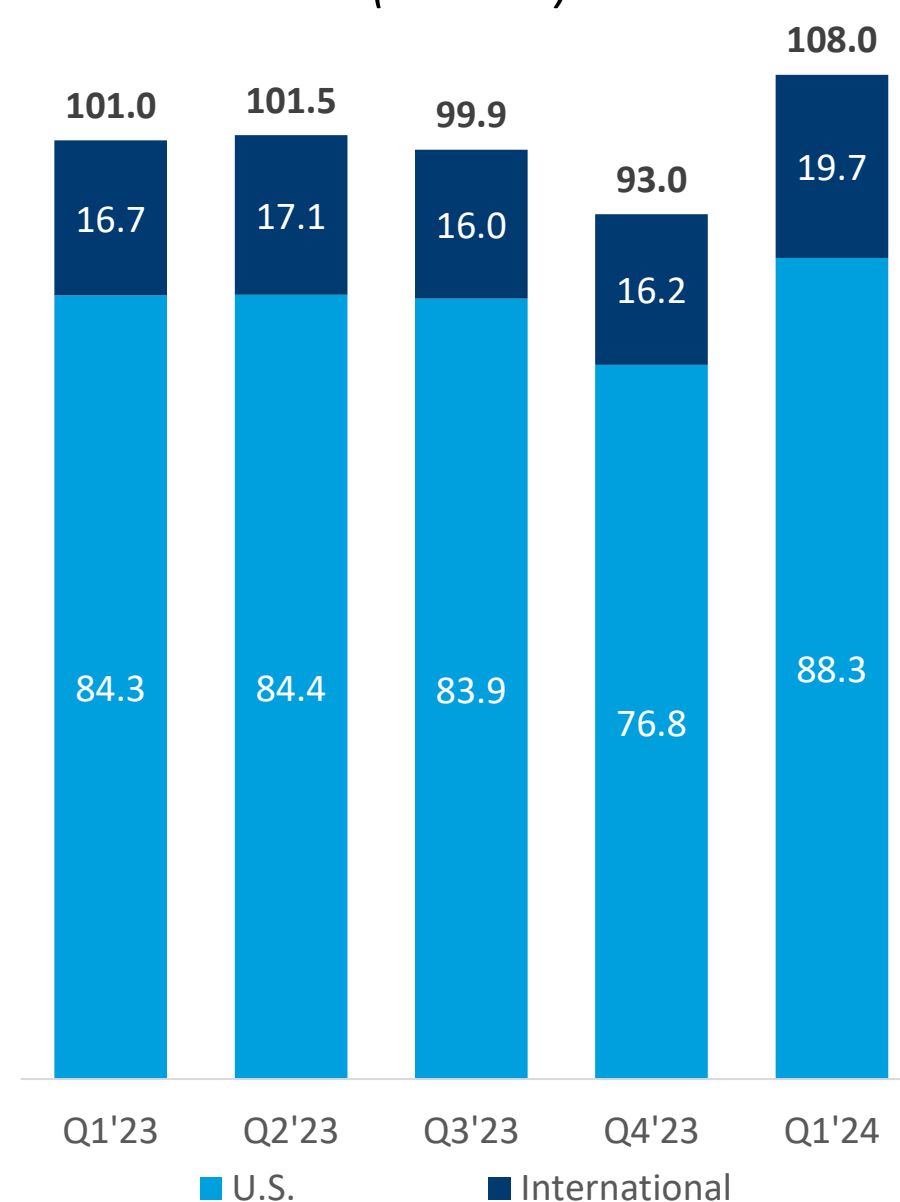
1. As defined in our Form 10-Q for the quarterly period ended March 31, 2024, filed with the SEC on May 9, 2024

# Market-leading consumer experience

**U.S. Average Monthly Visitors<sup>1</sup>**  
(millions)



**Average Monthly Sessions<sup>2</sup>**  
(millions)



>50%

More **average monthly visitors<sup>1</sup>** than our next competitor

48%

Of **monthly unique visitors<sup>3</sup>** do not visit leading competitors' sites

57%

More **minutes per unique visitor** than our next closest competitor<sup>4</sup>

~20%

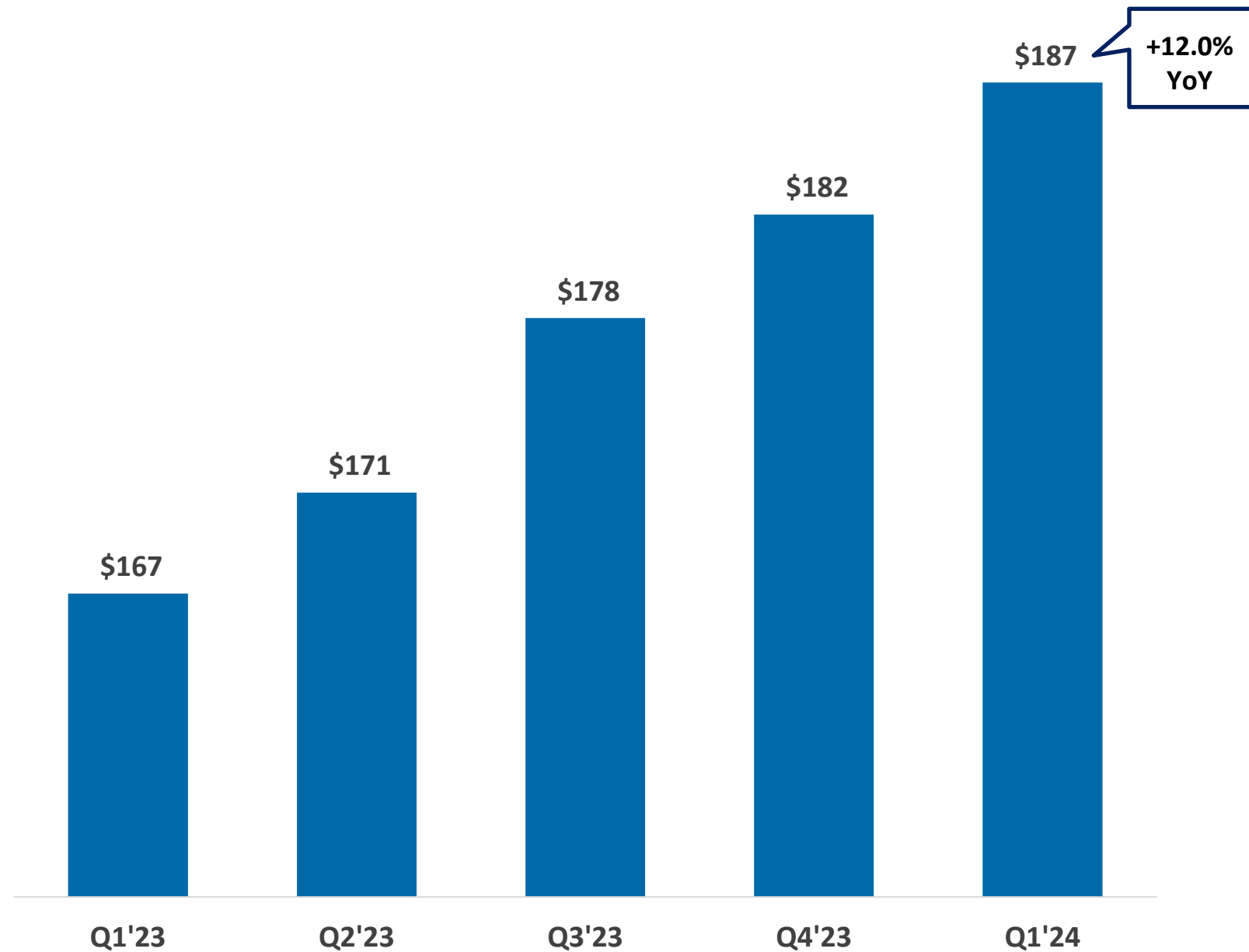
More **inventory** than our next Marketplace competitor<sup>5</sup>

1. Similarweb: Traffic Report, Q1 2024, USA  
 2. As defined in our Form 10-Q for the quarterly period ended March 31, 2024, filed with the SEC on May 9, 2024  
 3. Similarweb: Audience Report, Q1 2024, USA  
 4. Similarweb: Engagement Report, Q1 2024, USA  
 5. Compared to major online automotive marketplaces in the U.S., defined as CarGurus.com, Autotrader.com, Cars.com, and TrueCar.com; Based on YipitData as of March 31, 2024

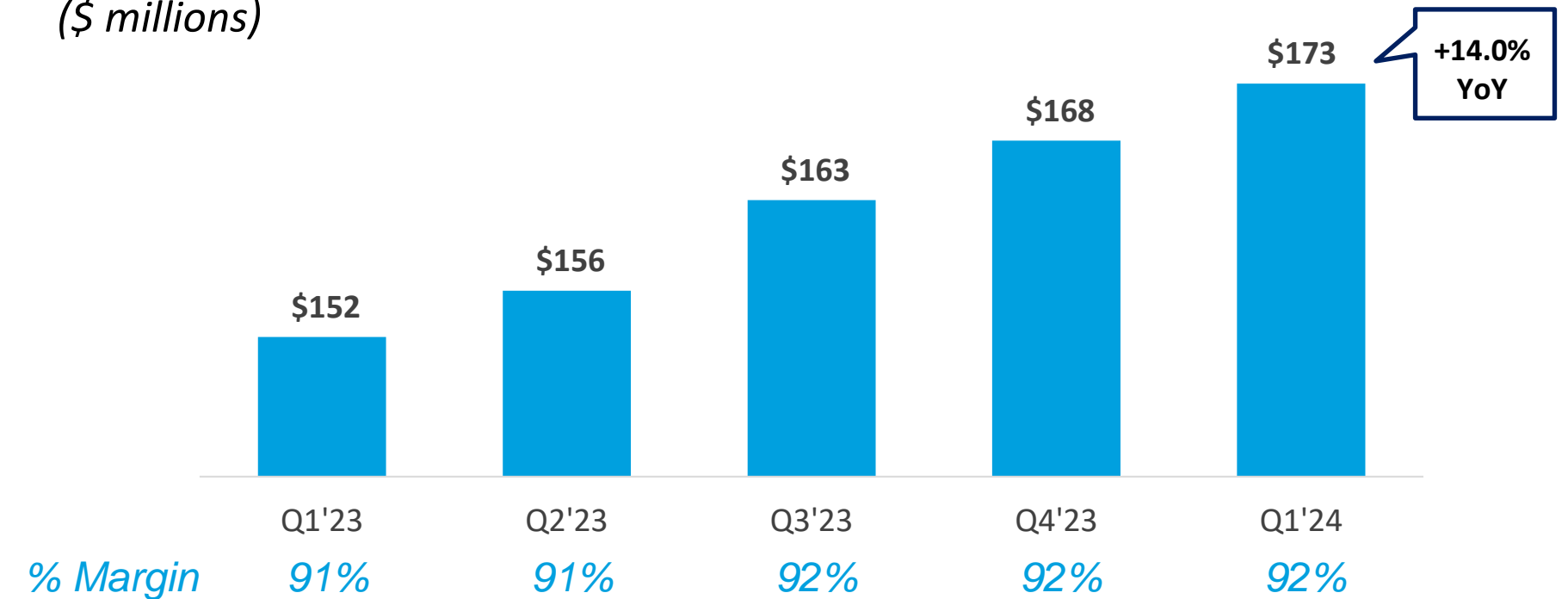


# Marketplace (U.S. Segment & Other) Q1 2024 Results

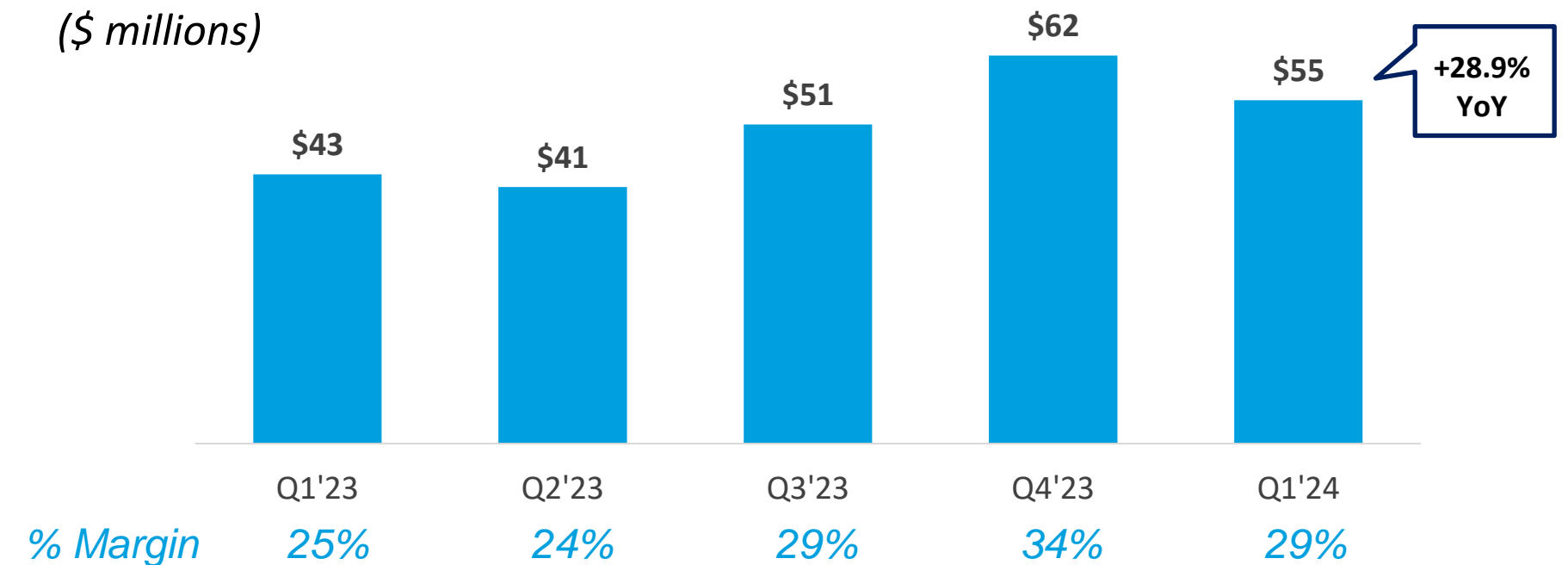
## Revenue (\$ millions)



## Non-GAAP Gross Profit<sup>1</sup> (\$ millions)



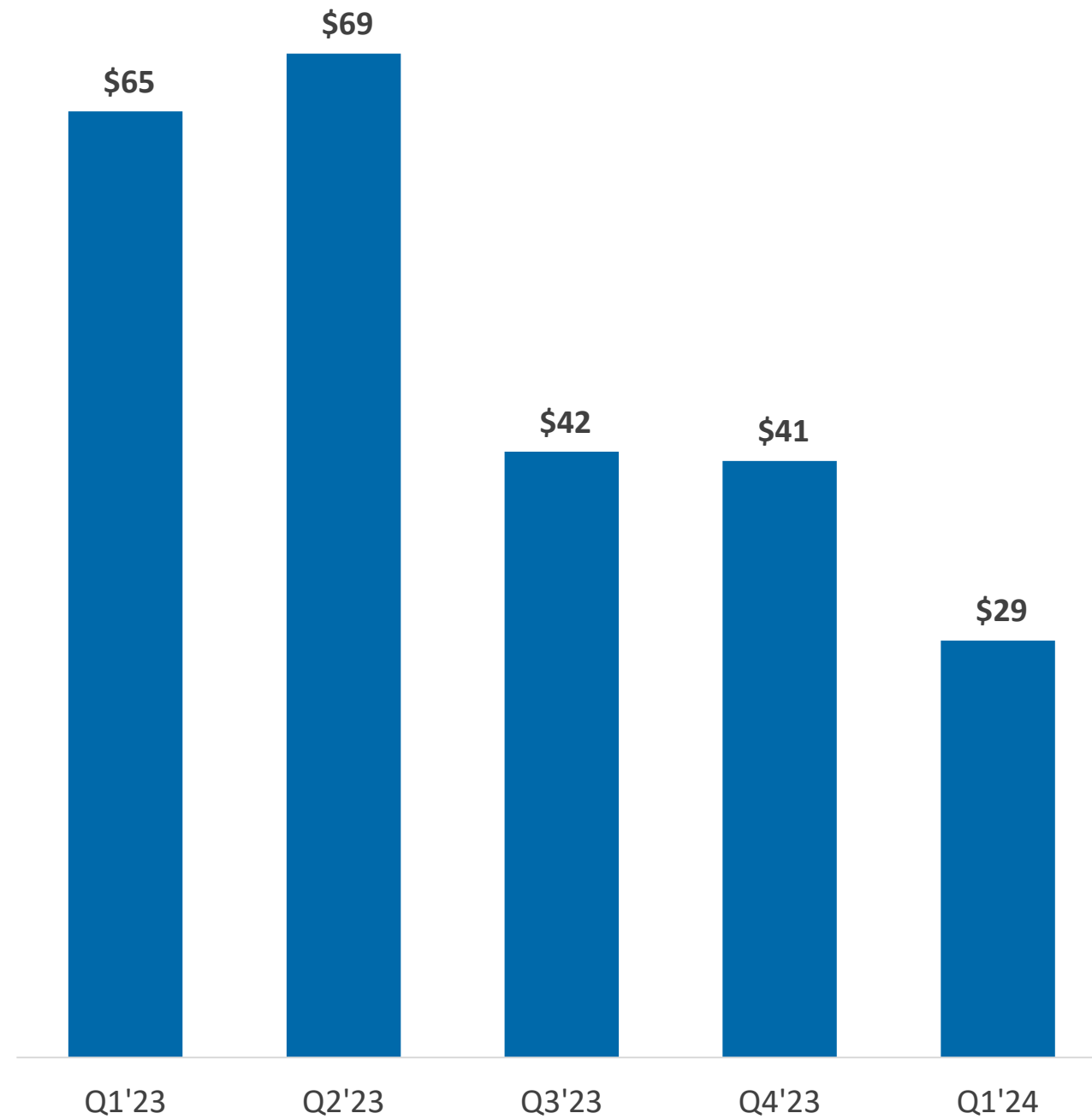
## Adjusted EBITDA<sup>1</sup> (\$ millions)



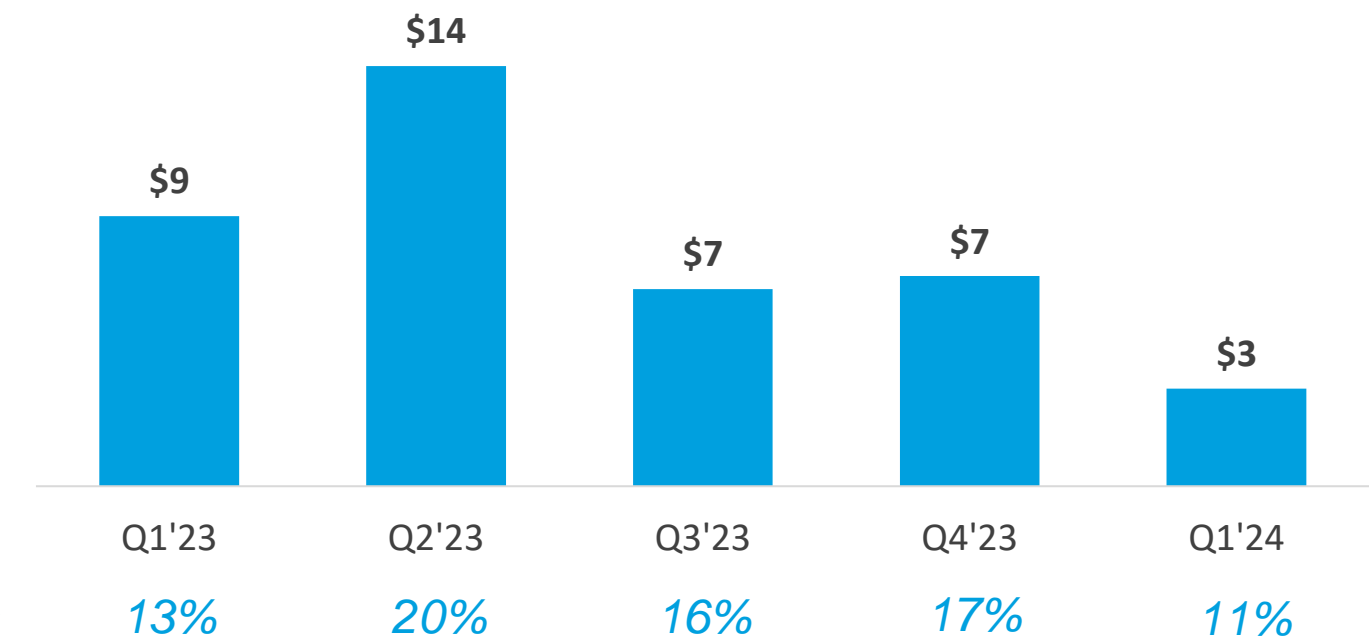
1. Please see the Appendix to this presentation for a reconciliation of these non-GAAP measures

# Digital Wholesale Q1 2024 Results

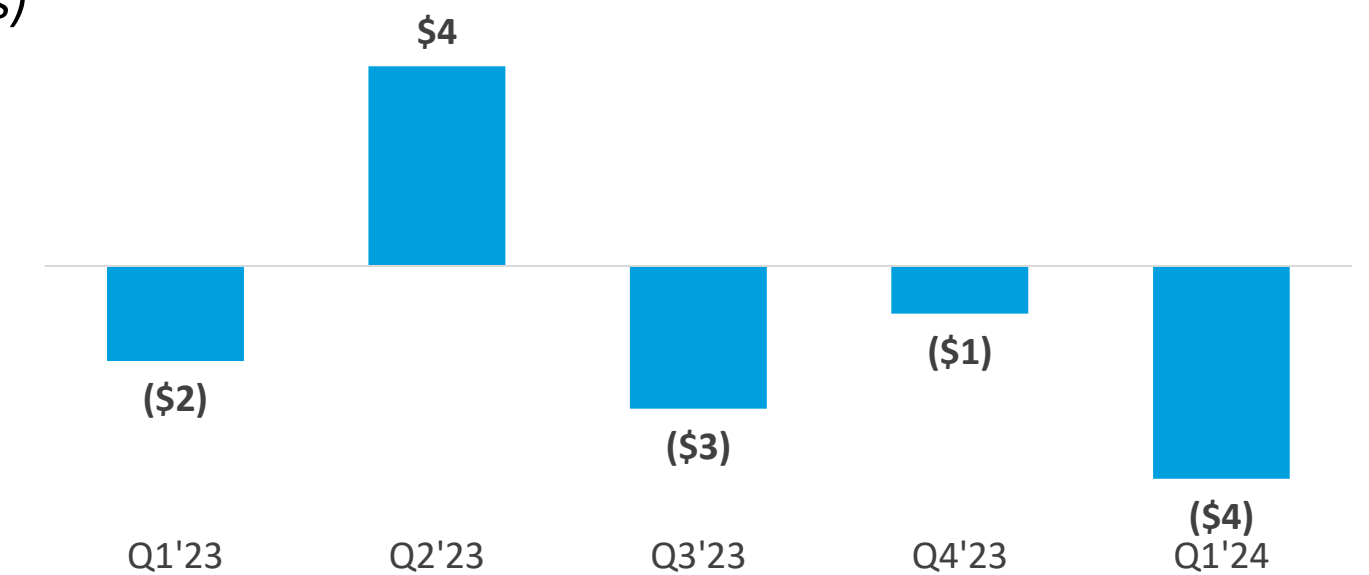
## Revenue (\$ millions)



## Non-GAAP Gross Profit (Loss)<sup>1</sup> (\$ millions)



## Adjusted EBITDA<sup>1</sup> (\$ millions)



1. Please see the Appendix to this presentation for a reconciliation of these non-GAAP measures



# Second Quarter 2024 Outlook

	Q2'24
<b>Total Revenue</b>	\$202 million - \$222 million
<b>Marketplace Revenue</b>	\$189 million - \$194 million
<b>Non-GAAP Consolidated Adjusted EBITDA</b>	\$47 million - \$55 million
<b>Non-GAAP Earnings Per Share</b>	\$0.29 - \$0.34

The second quarter 2024 non-GAAP EPS calculation assumes 105.5 million diluted weighted-average common shares outstanding.

The assumptions that are built into guidance for the second quarter 2024 regarding our pace of paid dealer acquisition, churn, and expansion activity for the relevant period are based on recent market trends and industry conditions. Guidance for the second quarter 2024 excludes macro-level industry issues that result in dealers and consumers materially changing their recent market trends or that cause us to enact measures to assist dealers. Guidance also excludes any potential impact of foreign currency exchange gains or losses.

CarGurus has not reconciled its guidance of non-GAAP consolidated adjusted EBITDA to GAAP consolidated net income or non-GAAP EPS to GAAP EPS because reconciling items between such GAAP and non-GAAP financial measures, which include, as applicable, stock-based compensation, amortization of intangible assets, impairment of long-lived assets, depreciation expenses, non-intangible amortization, transaction-related expenses, other income (net), the provision for income taxes, and income tax effects, cannot be reasonably predicted due to, as applicable, the timing, amount, valuation, and number of future employee equity awards, and the uncertainty relating to the timing, frequency, and effect of acquisitions and the significance of the resulting transaction-related expenses, and therefore cannot be determined without unreasonable effort.

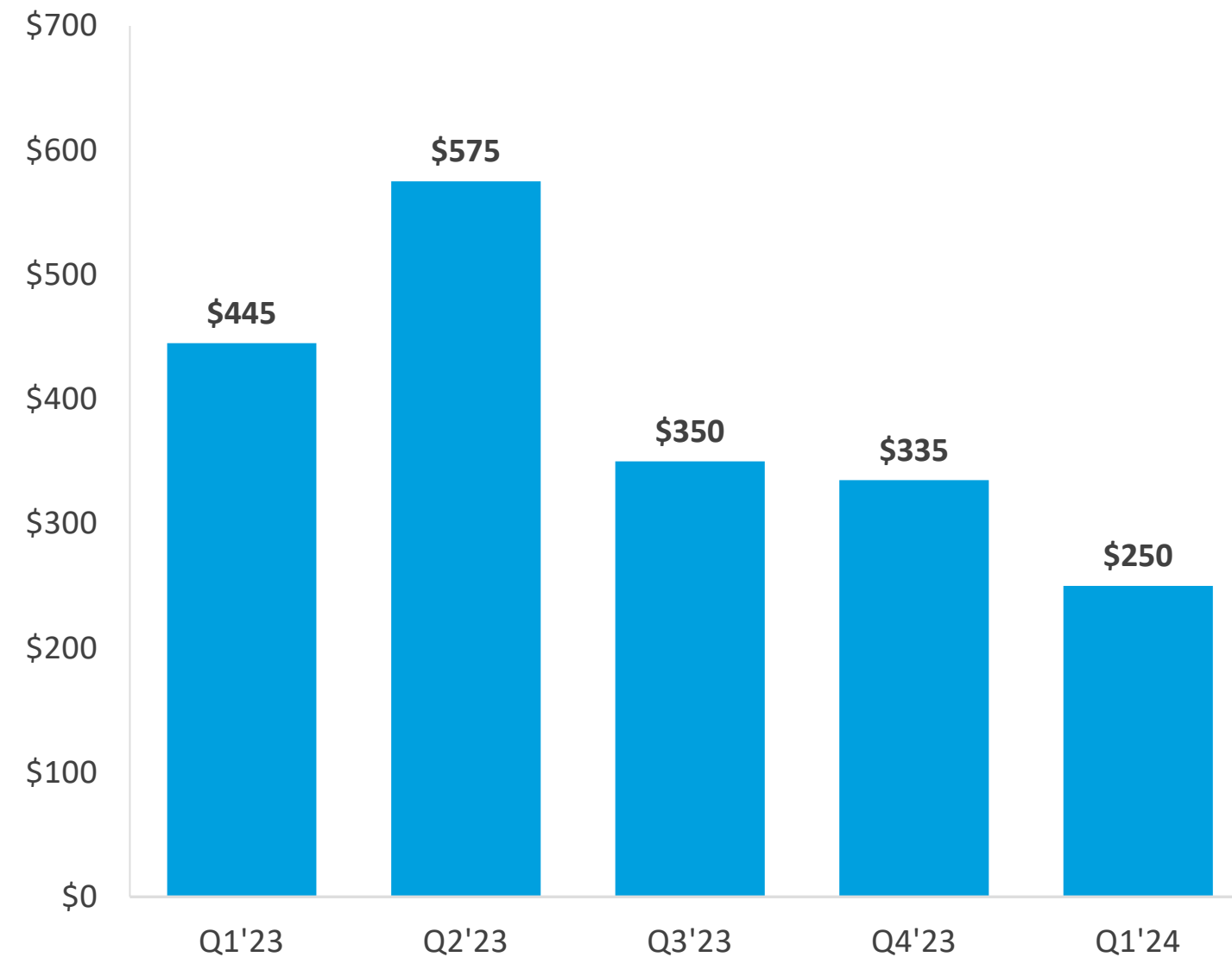
# Appendix



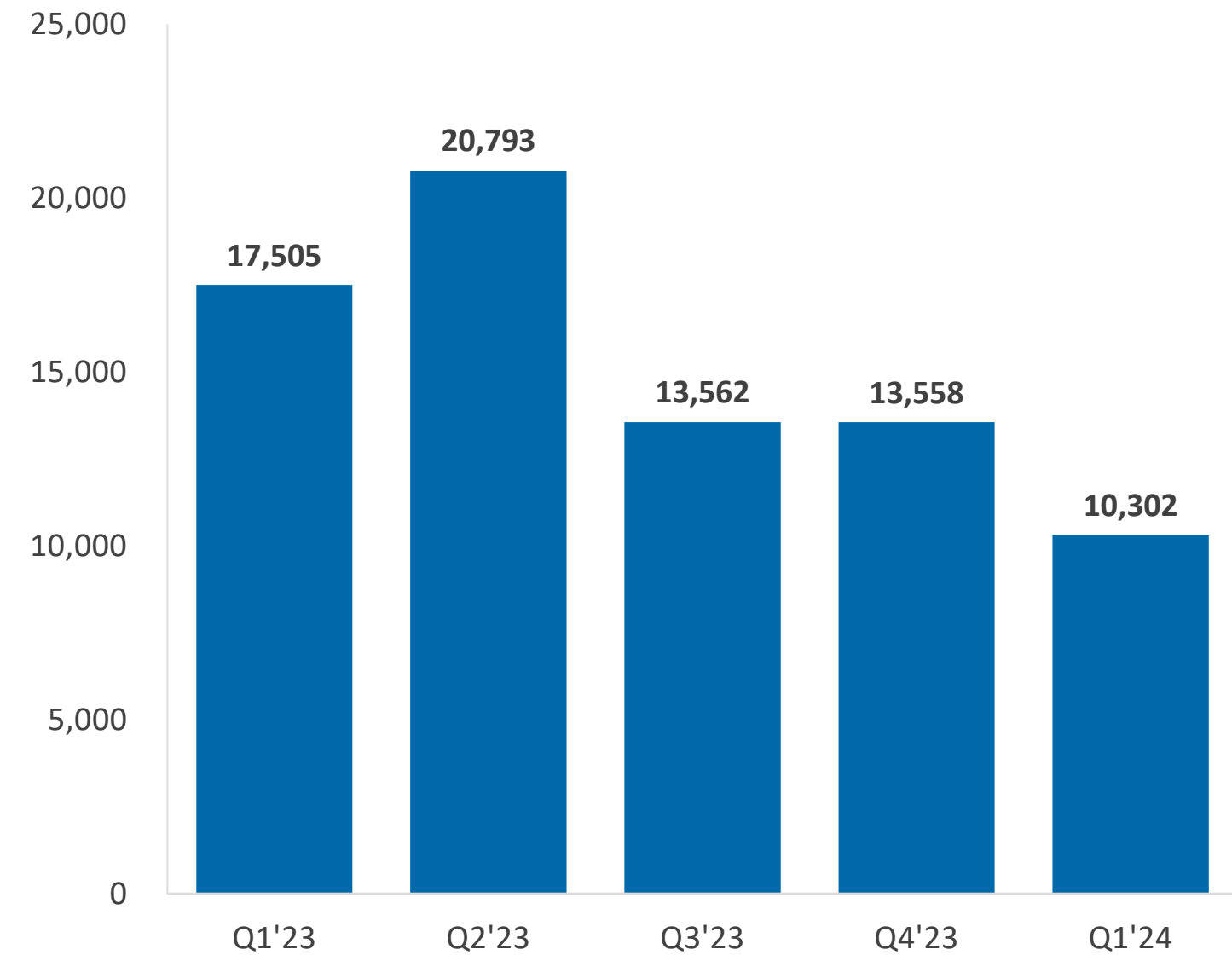
# Digital Wholesale Platform Transaction Volume

## Gross Merchandise Sales (GMS)<sup>1</sup>

(\$ millions)



## Total Transactions<sup>2</sup>



1. We define Gross Merchandise Sales (GMS) as the aggregate recorded vehicle cost remitted to the selling entity, excluding all fees and other charges associated with the Transactions, as separately defined, within the applicable period. We do not believe GMS is a KPI because the selling price of the vehicle is not material to assessing the health of and forecasting volume on our platform. GMS figures are rounded down to the closest \$5 million increment.
2. We define Transactions within the Digital Wholesale segment as the number of vehicles processed from car dealers, consumers, and other marketplaces through the CarOffer website within the applicable period. Transactions consists of each unique vehicle (based on vehicle identification number) that reaches "sold and invoiced" status on the CarOffer website within the applicable period, including vehicles sold to car dealers, vehicles sold at third-party auctions, vehicles ultimately sold to a different buyer, and vehicles that are returned to their owners without completion of a sale transaction. We exclude vehicles processed within CarOffer's intra-group trading solution (Group Trade) from the definition of Transactions, and we only count any unique vehicle once even if it reaches sold status multiple times.

# Marketplace (U.S. Marketplace Segment & Other) GAAP to Non-GAAP Gross Profit and Non-GAAP Gross Margin Reconciliation

(\$ thousands)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
GAAP U.S. Marketplace Segment Revenue	\$ 155,621	\$ 158,443	\$ 164,323	\$ 168,897	\$ 172,988
GAAP Other Revenue	11,506	12,507	13,586	13,353	14,231
GAAP Marketplace Revenue	\$ 167,127	\$ 170,950	\$ 177,909	\$ 182,250	\$ 187,219
GAAP U.S. Marketplace Segment Cost of Revenue	14,526	14,402	13,832	13,179	13,437
GAAP Other Cost of Revenue	1,007	1,072	991	1,011	948
GAAP Marketplace Cost of Revenue	\$ 15,533	\$ 15,474	\$ 14,823	\$ 14,190	\$ 14,385
GAAP Marketplace Gross Profit	151,594	155,476	163,086	168,060	172,834
Impact of Amortization of Intangible Assets in Marketplace Cost of Revenue	16	-	-	-	-
Impact of Stock-Based Compensation Expense in Marketplace Cost of Revenue	75	81	77	77	75
Non-GAAP Marketplace Gross Profit <sup>1</sup>	\$ 151,685	\$ 155,557	\$ 163,163	168,137	172,909
GAAP Marketplace Gross Profit Margin	91%	91%	92%	92%	92%
Non-GAAP Marketplace Gross Profit Margin <sup>2</sup>	91%	91%	92%	92%	92%

1. We define Non-GAAP Marketplace Gross Profit as the difference between GAAP Marketplace Revenue and GAAP Marketplace Cost of Revenue adjusted for the impacts of Amortization of Intangible Assets and Stock-Based Compensation Expense in GAAP Marketplace Cost of Revenue. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

2. We define Non-GAAP Marketplace Gross Profit Margin as Non-GAAP Marketplace Gross Profit divided by GAAP Marketplace Revenue. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

# Digital Wholesale GAAP to Non-GAAP Gross Profit (Loss) and Non-GAAP Gross Margin Reconciliation

(\$ thousands)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
GAAP Wholesale Revenue	\$ 25,186	\$ 31,952	\$ 21,735	\$ 22,035	\$ 16,125
GAAP Product Revenue	39,650	36,835	19,775	18,838	12,452
GAAP Digital Wholesale Revenue	\$ 64,836	\$ 68,787	\$ 41,510	\$ 40,873	\$ 28,577
GAAP Wholesale Cost of Revenue	22,068	24,428	21,284	22,286	14,224
GAAP Product Cost of Revenue	39,382	35,694	19,014	18,612	12,226
GAAP Digital Wholesale Cost of Revenue	\$ 61,450	\$ 60,122	\$ 40,298	\$ 40,898	\$ 26,450
GAAP Digital Wholesale Gross Profit (Loss)	3,386	8,665	1,212	(25)	2,127
Impact of Amortization of Intangible Assets in Digital Wholesale Cost of Revenue	5,250	5,250	5,250	5,250	875
Impact of Stock-Based Compensation Expense in Digital Wholesale Cost of Revenue	68	104	108	1,780	156
Impact of Transaction-Related Expense in Digital Wholesale Cost of Revenue	-	-	-	-	92
Non-GAAP Digital Wholesale Gross Profit <sup>1</sup>	\$ 8,704	\$ 14,019	\$ 6,570	\$ 7,005	\$ 3,250
GAAP Digital Wholesale Gross Profit (Loss) Margin	5%	13%	3%	(0%)	7%
Non-GAAP Digital Wholesale Gross Profit Margin <sup>2</sup>	13%	20%	16%	17%	11%

1. We define Non-GAAP Digital Wholesale Gross Profit as the difference between GAAP Digital Wholesale Revenue and GAAP Digital Wholesale Cost of Revenue adjusted for the impacts of Amortization of Intangible Assets, Stock-Based Compensation Expense, and Transaction-Related Expenses in GAAP Digital Wholesale Cost of Revenue. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

2. We define Non-GAAP Digital Wholesale Gross Profit Margin as Non-GAAP Digital Wholesale Gross Profit divided by GAAP Digital Wholesale Revenue. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

# Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA Reconciliation

(\$ thousands)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
U.S. Marketplace Segment Income from Operations	\$ 26,539	\$ 24,619	\$ 33,285	\$ 43,281	\$ 34,217
Other (Loss) Income from Operations	(1,255)	(574)	1,462	1,653	2,407
GAAP Marketplace (U.S. Marketplace Segment & Other) Income from Operations	\$ 25,284	\$ 24,045	\$ 34,747	\$ 44,934	\$ 36,624
Impact of Depreciation and Amortization	2,883	2,966	3,136	3,224	3,200
Impact of Impairments of Long-Lived Assets	-	9	-	-	-
Impact of Stock-Based Compensation Expense	14,396	14,058	13,614	13,334	14,989
Impact of Transaction-Related Expenses	-	-	-	704	58
Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA <sup>1 2</sup>	\$ 42,563	\$ 41,078	\$ 51,497	\$ 62,196	\$ 54,871
Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA Margin <sup>3</sup>	25%	24%	29%	34%	29%

1. We define Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA, a non-GAAP measure, as GAAP Marketplace (U.S. Marketplace Segment & Other) Income from Operations, adjusted to exclude: Depreciation & Amortization; Impairment of Long-Lived Assets; Stock-Based Compensation Expense; and Transaction-Related Expenses. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

2. Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA plus Digital Wholesale Adjusted EBITDA may not equal Consolidated Adjusted EBITDA due to rounding.

3. We define Non-GAAP Marketplace Adjusted EBITDA margin as Non-GAAP Marketplace Adjusted EBITDA divided by GAAP Marketplace Revenue. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

# Digital Wholesale Adjusted EBITDA Reconciliation

(\$ thousands)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
GAAP Digital Wholesale Loss from Operations	\$ (11,225)	\$ (6,307)	\$ (11,652)	\$ (67,199)	\$ (10,340)
Impact of Depreciation and Amortization	8,693	8,702	9,334	9,537	4,281
Impact of Impairments of Long-Lived Assets	175	-	-	-	-
Impact of Stock-Based Compensation Expense	580	1,770	(577)	737	833
Impact of Stock-Based Compensation Expense from CarOffer, LLC Units	-	-	-	55,543	-
Impact of Transaction-Related Expenses	-	-	-	340	753
Digital Wholesale Adjusted EBITDA <sup>1 2</sup>	\$ (1,777)	\$ 4,165	\$ (2,895)	\$ (1,042)	\$ (4,473)

1. We define Digital Wholesale Adjusted EBITDA, a non-GAAP measure, as GAAP Digital Wholesale Loss from Operations, adjusted to exclude: Depreciation & Amortization; Impairment of Long-Lived Assets; Stock-Based Compensation Expense; Stock-Based Compensation Expense for CarOffer, LLC Units; and Transaction-Related Expenses. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

2. Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA plus Digital Wholesale Adjusted EBITDA may not equal Consolidated Adjusted EBITDA due to rounding.



# Consolidated Adjusted EBITDA Reconciliation

(\$ thousands)	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
GAAP Consolidated Net Income	\$ 11,866	\$ 13,817	\$ 18,973	\$ (22,603)	\$ 21,301
Impact of Depreciation and Amortization	11,576	11,667	12,470	12,761	7,481
Impact of Impairments of Long-Lived Assets	175	9	-	-	-
Impact of Stock-Based Compensation Expense	14,977	14,602	14,263	14,071	15,822
Impact of Stock-Based Compensation Expense for CarOffer LLC, Units	-	1,225	(1,225)	55,543	-
Impact of Transaction-Related Expenses	-	-	-	1,044	811
Impact of Other (Income) Expense, Net	(4,338)	(4,680)	(4,167)	(5,875)	(3,401)
Impact of Provision for Income Taxes	6,531	8,601	8,289	6,213	8,384
Consolidated Adjusted EBITDA <sup>1 2</sup>	\$ 40,787	\$ 45,241	\$ 48,603	\$ 61,154	\$ 50,398
Consolidated Adjusted EBITDA Margin <sup>3</sup>	18%	19%	22%	27%	23%

1. We define Consolidated Adjusted EBITDA, a non-GAAP measure, as GAAP Consolidated Net Income, adjusted to exclude: Depreciation & Amortization; Impairment of Long-Lived Assets; Stock-Based Compensation Expense; Stock-Based Compensation Expense for CarOffer, LLC Units; Transaction-Related Expenses; Other (Income) Expense, Net and (Benefit From) Provision For Income Taxes. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

2. Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA plus Digital Wholesale Adjusted EBITDA may not equal Consolidated Adjusted EBITDA due to rounding.

3. We define Consolidated Adjusted EBITDA Margin as non-GAAP Adjusted EBITDA divided by GAAP Consolidated Revenue. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.