

**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

Date of Report (Date of earliest event reported): January 14, 2021

CarGurus, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38233
(Commission File Number)

04-3843478
(IRS Employer
Identification No.)

2 Canal Park, 4th Floor
Cambridge, Massachusetts 02141
(Address of Principal Executive Offices)
(Zip Code)

Registrant's Telephone Number, Including Area Code: (617) 354-0068

Not Applicable

(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 | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|--|
| Class A Common Stock, par value \$0.001 per share | CARG | The Nasdaq Stock Market LLC (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 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.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 8.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.02.

Item 7.01 Regulation FD Disclosure.

The information in this Item 7.01 and in Exhibit 99.1 hereto is intended to be furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as expressly set forth by specific reference in such filing.

On January 14, 2021, CarGurus, Inc., a Delaware corporation (the “Company”), issued a press release announcing that it had completed its previously announced acquisition of a 51% interest in CarOffer, LLC, a Delaware limited liability company (“CarOffer”). A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 8.01 Other Events.

On January 14, 2021, the Company completed its previously announced acquisition of a 51% interest in CarOffer pursuant to the terms of a Membership Interest Purchase Agreement, as amended (the “Purchase Agreement”), dated as of December 9, 2020 (the “Agreement Date”), by and among the Company, CarOffer, CarOffer Investors Holding, LLC, a Delaware limited liability company (“TopCo”), each of the Members of TopCo, and Bruce T. Thompson, an individual residing in Texas.

Upon consummation of the transactions contemplated by the Purchase Agreement, the Company acquired a 51% interest in CarOffer for an aggregate consideration of \$140,250,000 (the “Total Consideration”), such Total Consideration consisting of (a) shares of Class A Common Stock of the Company, par value \$0.001 per share (the “Company Class A Common Stock”), in the aggregate amount of \$70,125,000 (the “Stock Consideration”) and (b) \$70,125,000 in cash, subject to certain adjustments set forth in the Purchase Agreement. The number of shares of Company Class A Common Stock issued in connection with the Stock Consideration was 3,115,282, which was calculated by reference to a value of \$22.51 per share, which equals the volume-weighted average closing price per share of Company Class A Common Stock on the Nasdaq Stock Market for the 28 consecutive trading days ending on the third Business Day (as defined in the Purchase Agreement) preceding the Agreement Date.

The Company issued the Stock Consideration described herein in reliance upon the exemptions from registration afforded by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

The foregoing summary of the Purchase Agreement and the transactions contemplated thereby does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Purchase Agreement, which will be filed as an exhibit with the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <i>Exhibit No.</i> | <i>Description</i> |
|--------------------|--|
| 99.1 | Press Release of CarGurus, Inc., dated January 14, 2021. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

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 thereunto duly authorized.

CARGURUS, INC.

Date: January 14, 2021

By: /s/ Jason Trevisan

Name: Jason Trevisan

Title: Chief Financial Officer and President, International



CarGurus Completes Acquisition of CarOffer

Cambridge, MA, January 14, 2021 – CarGurus (Nasdaq: CARG), a leading global online automotive marketplace, today announced it has completed the acquisition of a 51% interest in CarOffer, with the ability to buy the remaining equity interest in the company over the next three years. The acquisition adds wholesale vehicle acquisition and selling capabilities to CarGurus' portfolio of dealer offerings. CarOffer was founded by auto industry veteran, Bruce Thompson, who will continue to lead the CarOffer brand and team from their Plano, Texas location.

"We are thrilled to welcome the CarOffer team to the CarGurus family and excited to join forces to drive further innovation and value for our customers," said Jason Trevisan, Chief Financial Officer at CarGurus. "Digital wholesale creates exciting new opportunities for efficiencies in the marketplace, especially as more of the automotive buying journey shifts online. By combining CarGurus and CarOffer capabilities, we can deliver a powerful new solution for dealers to buy and sell the right inventory at the right price. We believe this will not only be a win for dealers, but for consumers as well."

"I'm incredibly proud of what the CarOffer team has accomplished so far, and I can't wait to begin this next phase of our growth in partnership with a company as pioneering as CarGurus," said Bruce Thompson, founder and CEO of CarOffer. "We see tremendous potential in this combination, and we look forward to getting to work integrating our capabilities and continuing to build better solutions for dealers."

CarGurus is the largest automotive marketplace in the United States, with more visitors¹ and more inventory than any other major online automotive marketplace². The company also has the largest dealer network in the U.S.³, with roughly 24,000 subscribed dealers. With this acquisition, the company plans to expand dealer participation on the CarOffer platform, thereby increasing inventory supply on the sell-side and liquidity on the buy-side. CarGurus will also integrate its Instant Market Value retail valuation data to help dealers price vehicles on CarOffer, and will use the CarOffer Buying Matrix™ to make real-time offers to dealers on their CarGurus inventory.

¹ Source: Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Total Audience, Q3 2020, U.S. (Competitive set includes: CarGurus.com, Autotrader.com, Cars.com, TrueCar.com).

² Based on publicly available information as of September 30, 2020, and the Comparative Analysis of U.S. Vehicle Listing Platforms, Bates White Economic Consulting, June 2020; major online automotive marketplaces in the U.S. include CarGurus.com, Autotrader.com, Cars.com, and TrueCar.com.

³ Based on publicly available information as of September 30, 2020, and the Comparative Analysis of U.S. Vehicle Listing Platforms, Bates White Economic Consulting, June 2020; compared to major online automotive marketplaces in the U.S. defined as CarGurus.com, Autotrader.com, Cars.com, and TrueCar.com.

Unlike traditional vehicle auctions which require manual bidding and vehicle evaluation, CarOffer's proprietary Buying Matrix technology enables buying dealers to create standing buy orders and provides instant offers to selling dealers. Since its 2019 launch, the company has experienced substantial growth, with more than 2,500⁴ dealership rooftops installed. The company processed over \$350M⁵ in merchandise and service transactions in the third quarter of 2020.

About CarGurus:

Founded in 2006, CarGurus (Nasdaq: CARG) is a global online automotive marketplace connecting buyers and sellers of new and used cars. The company uses proprietary technology, search algorithms and data analytics to bring trust and transparency to the automotive search experience and help users find great deals from top-rated dealers. CarGurus is the most visited automotive shopping site in the U.S. (source: Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Total Audience, Q3 2020, U.S. (Competitive set includes: CarGurus.com, Autotrader.com, Cars.com, TrueCar.com)). In addition to the United States, CarGurus operates online marketplaces in Canada and the United Kingdom. In the United States and the United Kingdom, CarGurus also operates the Autolist and PistonHeads online marketplaces, respectively, as independent brands. To learn more about CarGurus, visit www.cargurus.com.

About CarOffer:

CarOffer is the automotive industry's leading inventory management platform for modern day retailing that allows dealers and dealer groups to buy, sell, and trade with automation and ease. Leveraging the power of data, national scale, and the company's proprietary Buying Matrix™ technology, the platform helps dealers acquire and exchange used inventory more efficiently. For more information, visit www.caroffer.com.

CarGurus® is a registered trademark of CarGurus, Inc., and CarOffer® is a registered trademark of CarOffer, LLC. All product names, trademarks and registered trademarks are property of their respective owners.

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Press Contact:

⁴ CarOffer installed dealers are dealers that have signed an agreement with CarOffer to participate on the platform and have completed the onboarding process.

⁵ Total CarOffer transaction volume in Q3 2020 including gross vehicle value of Buying Matrix buy and sell transactions and Buy Center transactions as well applicable fees and transportation costs. Date of transaction is determined upon seller's acceptance of offer, which precedes title transfer and completed inspection.

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Cautionary Language Concerning Forward-Looking Statements

This press release includes forward-looking statements. All statements contained in this press release other than statements of historical facts, including, without limitation, statements regarding: our expectations for acquiring additional equity interests in CarOffer; our expectation that the transaction will enhance our value proposition for dealers and benefit consumers; our plans to independently operate CarOffer; our ability to accelerate CarOffer's growth through our investment and dealer reach; expected transaction synergies, including with respect to delivering a new and better solution for dealers, as well as expanding dealer participation on the CarOffer platform; and the value proposition of our products and our market awareness, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "guide," "intend," "likely," "may," "will" and similar expressions and their negatives are intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks and uncertainties, including, without limitation, risks related to: the potential impact on our or CarOffer's business due to the closing of the transaction; our growth and 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 generally and successfully implement the integration strategies in connection therewith; natural disasters, epidemics or pandemics, like COVID-19 that has negatively impacted our business; our ability to operate in compliance with applicable laws, as well as other risks and uncertainties set forth in the "Risk Factors" section of our Quarterly Report on Form 10-Q, filed on November 5, 2020 with the Securities and Exchange Commission (SEC), and subsequent reports that we file with the SEC. Moreover, we operate in very competitive and rapidly changing environments. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee that future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after the date of this press release to conform these statements to actual results or revised expectations, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this press release.