

Q2 2024 Earnings Presentation

August 8, 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 and brand 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 ability to quickly make transformations necessary for our business to achieve long-term goals; 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 industry, business, and financial results; global and domestic economic conditions; statements regarding our future financial and business performance for the third 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; impairment of the carrying value of our goodwill, intangible assets, or right-of-use assets; 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.

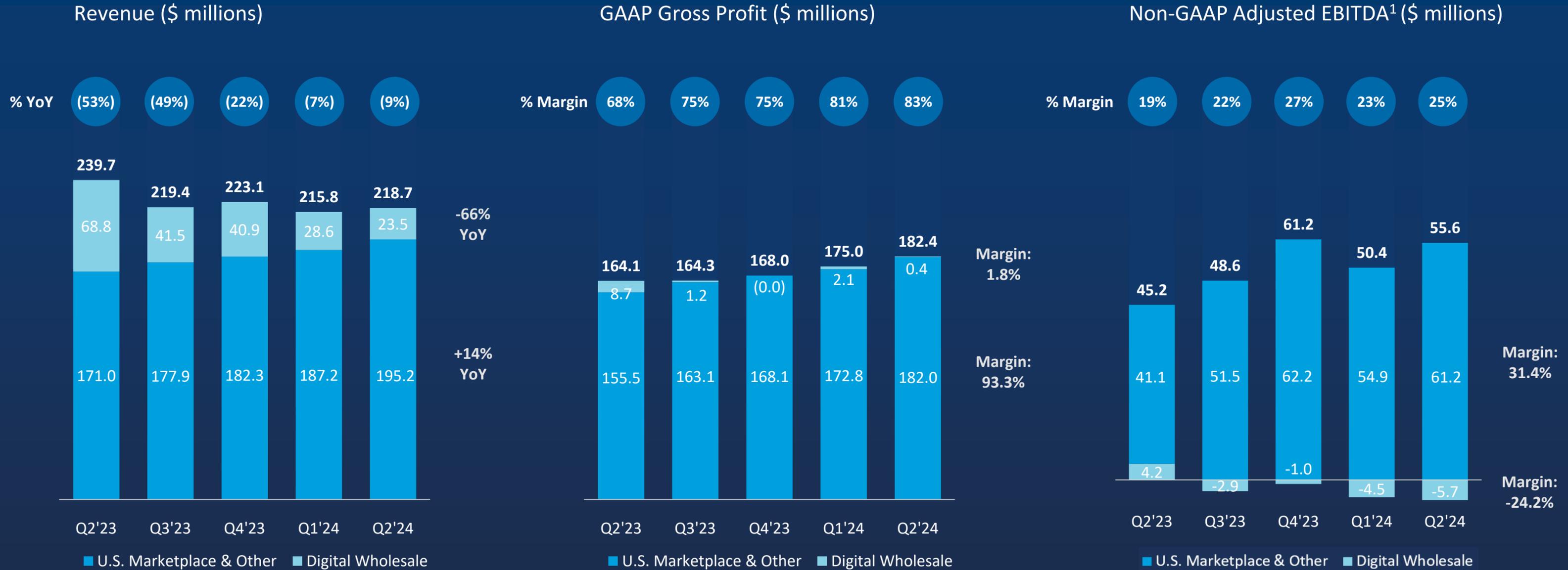
This presentation also contains estimates and other statistical data, including those relating to our industry and the market in which we operate, that we have obtained or derived from internally-prepared studies and surveys, third-party studies, and industry publications and reports as well as other 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: Second Quarter 2024



Marketplace revenue growth accelerated for the fifth consecutive quarter; Consolidated EBITDA Margin expanded ~650 bps YoY

Drivers of Value Creation: Second Quarter 2024 Progress

More Value to Dealers

- U.S. add-on product adoption +37% YoY
- 36% of new contracts longer than 6 months
- 38% of U.S. dealers use Next Best Deal Rating; ~50% weekly open rate
- Sustained YoY lead growth

Better Consumer Experience

- App contributed 28% of leads
- One-month app use retention rate increased by 16%
- Leveraging AI across the shopping experience

Transaction Enablement

- Digital Deal dealers +157% YoY to >30% of U.S. paying dealers
- Top Dealer Offers now available in 68 metro areas
- Trade-in opportunity: ~35% of car sellers using Top Dealer Offers are also looking to buy

Rebuild & Integrate Digital Wholesale

- Bolstered go-to-market and operations leadership
- Investment in product and dealer experience, leading to higher dealer NPS score
- Combine wholesale and retail data to provide differentiated sourcing opportunities



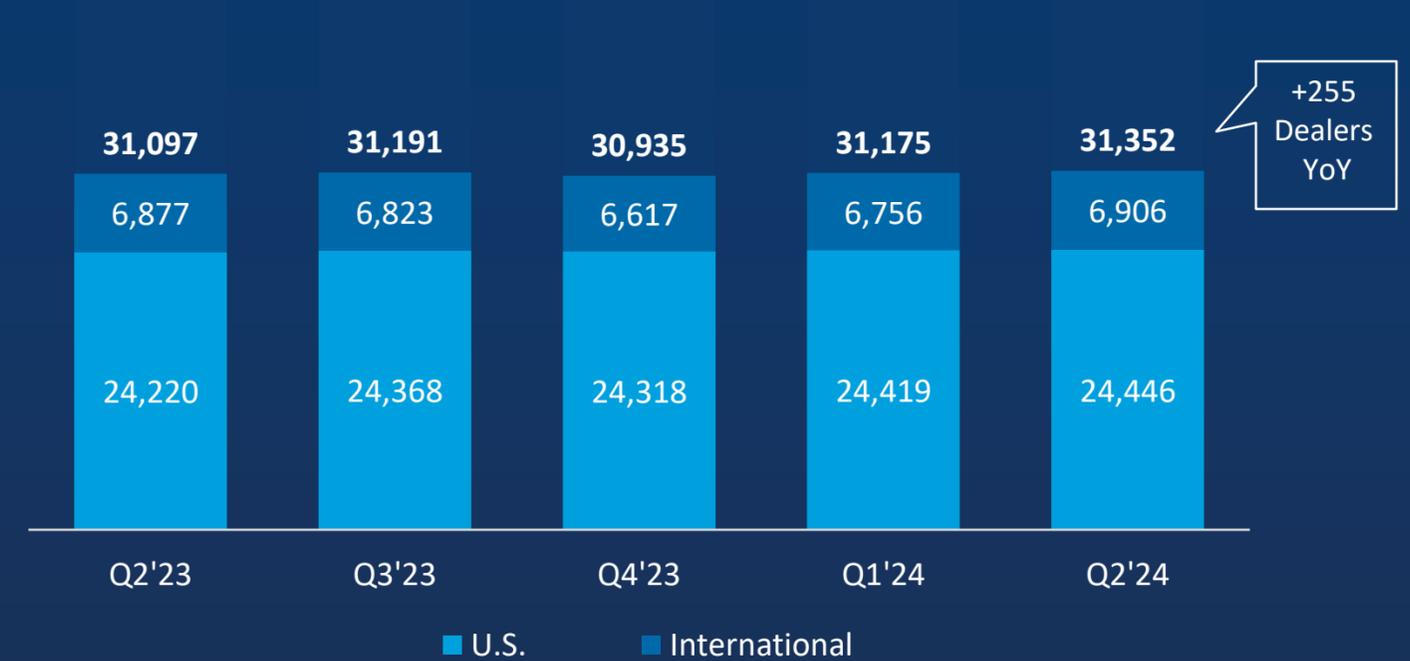
Leveraging actionable data insights and transaction capabilities to deliver more value to dealers and consumers

Double-Digit QARSD Growth; Strong Dealer Engagement and Retention

QARSD¹



Paying Dealers¹



Drivers of QARSD¹

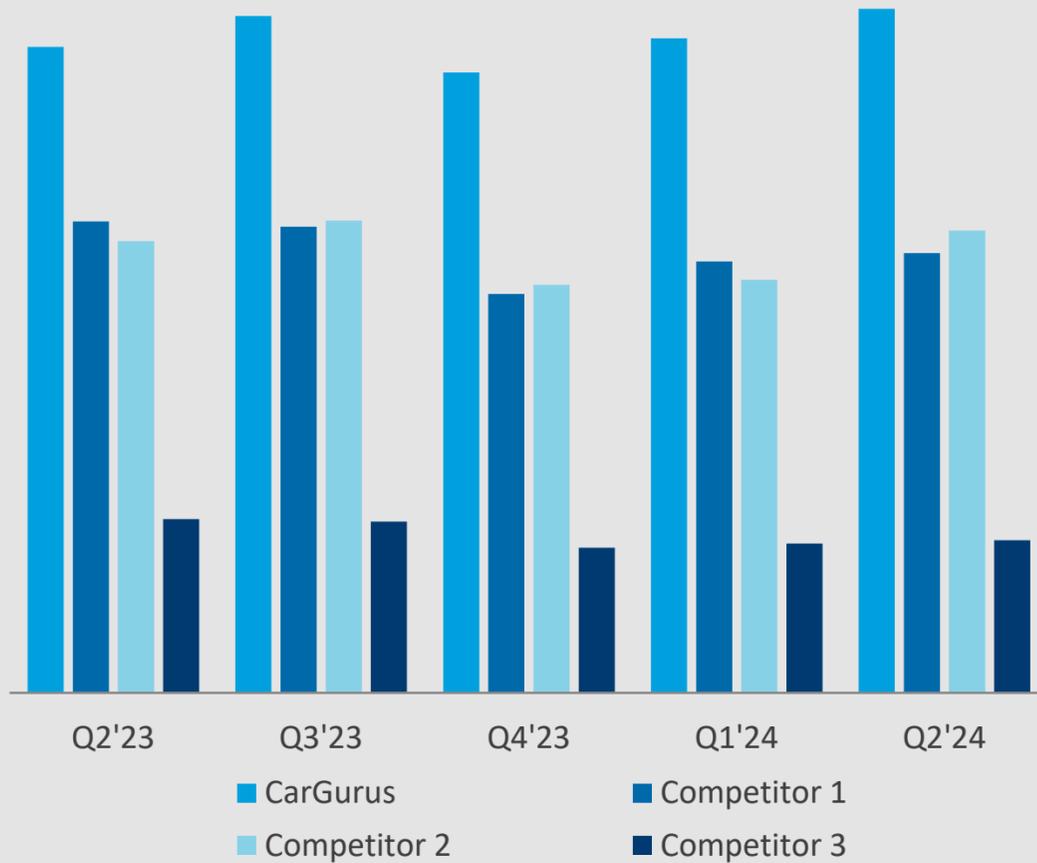
- Add new dealers at current market rates
- Subscription upgrades to higher tiers
- Lead quantity and quality
- Contract renewals at market rates
- Product innovation and adoption

Paying Dealers Commentary

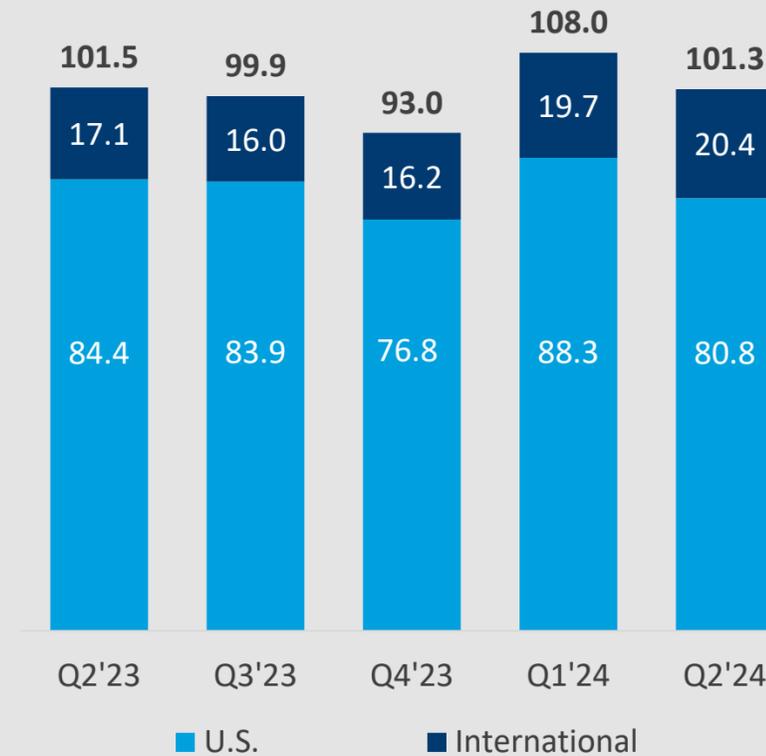
- Higher mix of franchise dealers
- Increasing engagement and retention
- Longer average contract duration

Market-leading consumer experience

U.S. Average Monthly Visitors^{1 2} (millions)



Average Monthly Sessions³ (millions)



56%

More average monthly visitors than our closest competitor²

47%

Of monthly unique visitors do not visit our competitors' sites⁴

52%

More minutes per unique visitor than our closest competitor⁵

~18%

More inventory than our next largest Marketplace competitor⁶

1. Historical average monthly visitors for CarGurus and competitors have been updated to match Similarweb's change in methodology as of July 29, 2024
 2. Similarweb: Traffic Report, Q2 2024, USA
 3. As defined in our Form 10-Q for the quarterly period ended June 30 2024, filed with the SEC on August 8, 2024

4. Similarweb: Audience Report, Q2 2024, USA
 5. Similarweb: Engagement Report, Q2 2024, USA
 6. 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 June 30, 2024

Marketplace (U.S. Segment & Other) Q2 2024 Results

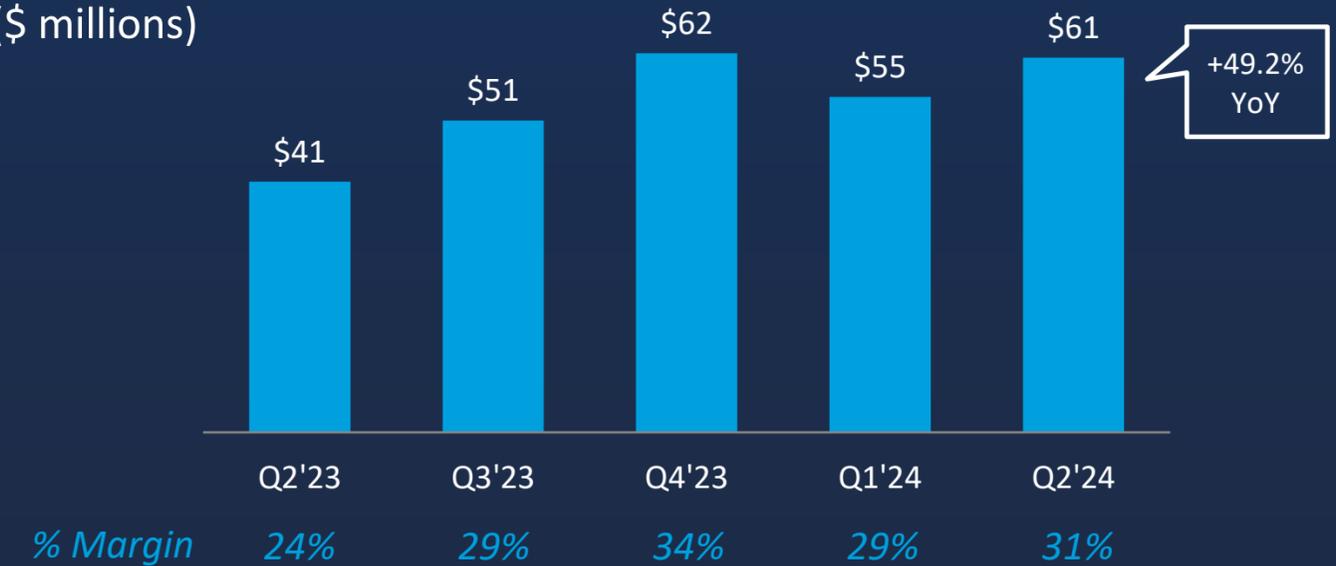
Revenue (\$ millions)



Non-GAAP Gross Profit¹ (\$ millions)

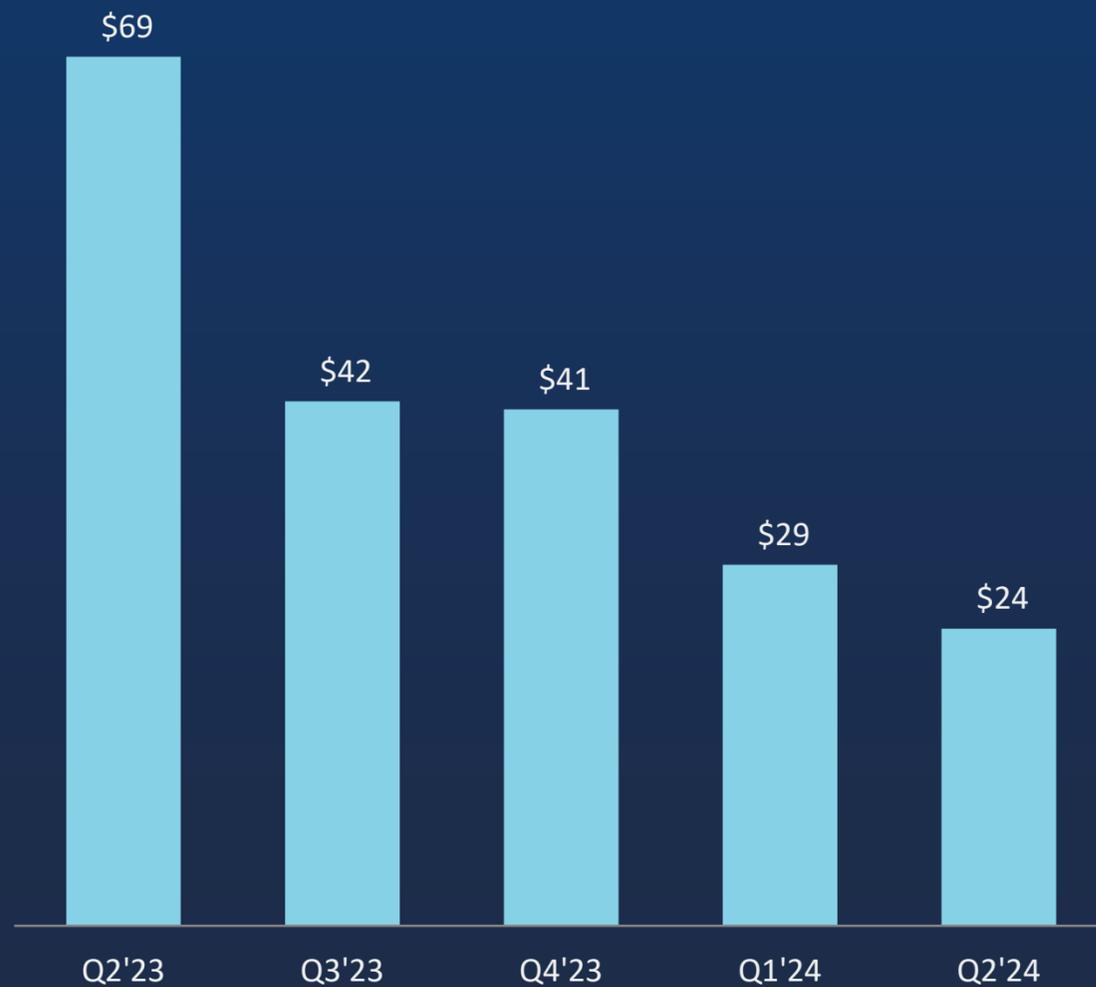


Adjusted EBITDA¹ (\$ millions)



Digital Wholesale Q2 2024 Results

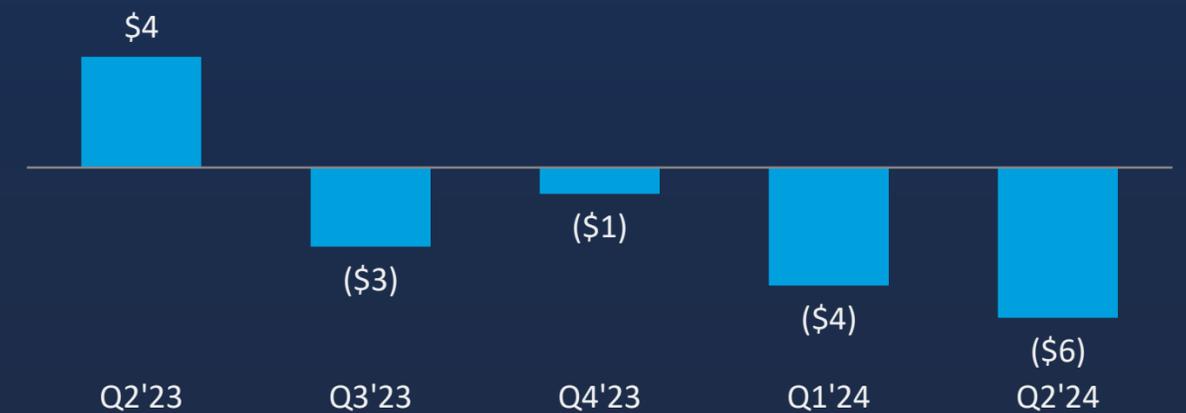
Revenue (\$ millions)



Non-GAAP Gross Profit (Loss)¹ (\$ millions)



Adjusted EBITDA¹ (\$ millions)



Third Quarter 2024 Outlook

	Q3'24
Total Revenue	\$212 million - \$232 million
Marketplace Revenue	\$199 million - \$204 million
Non-GAAP Consolidated Adjusted EBITDA	\$56 million - \$64 million
Non-GAAP Earnings Per Share	\$0.38 - \$0.44

The third quarter 2024 non-GAAP EPS calculation assumes 105.0 million diluted weighted-average common shares outstanding.

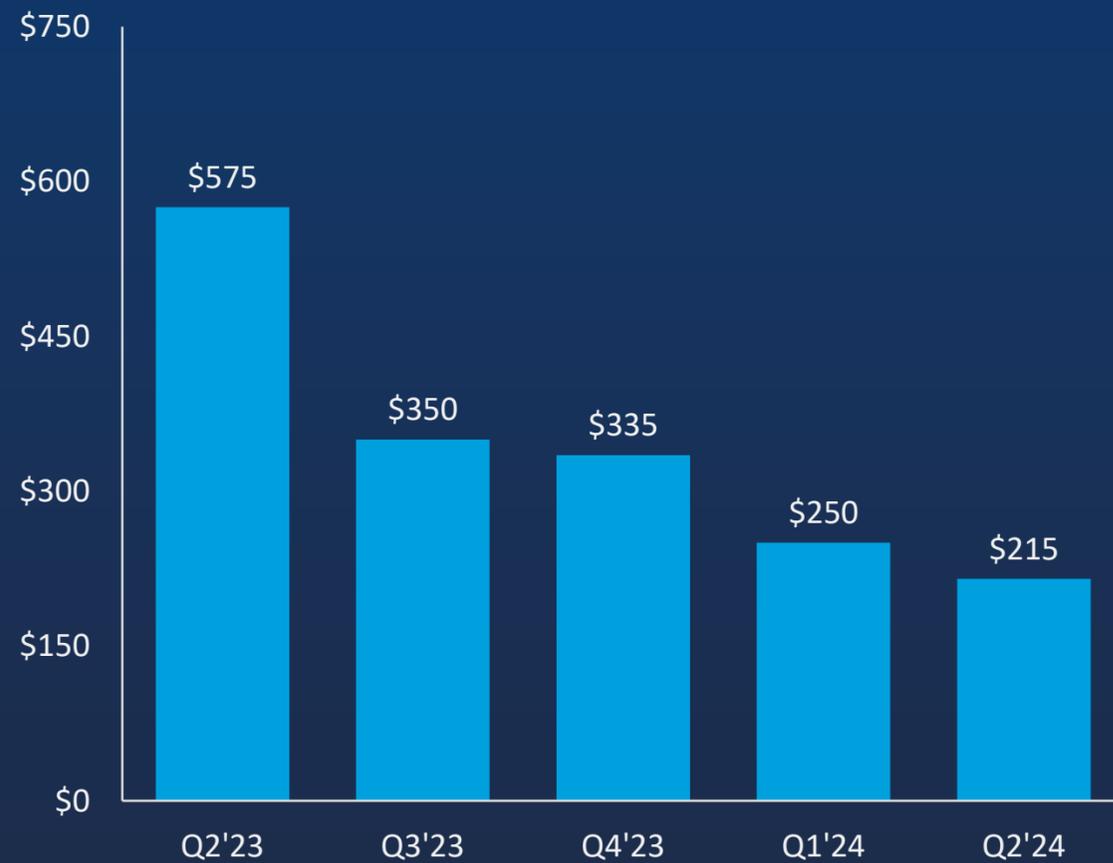
The assumptions that are built into guidance for the third quarter 2024 regarding our pace of paid dealer acquisition, churn, and expansion activity for the relevant period are based on recent market trends and industry conditions. Guidance for the third quarter 2024 excludes macro-level industry issues 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 loss 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, goodwill and other long-lived asset impairment, depreciation expenses, non-intangible amortization, transaction-related expenses, other income, net, the (benefit from) 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)¹
(\$ millions)



Total Transactions²



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)	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
GAAP U.S. Marketplace Segment Revenue	\$ 158,443	\$ 164,323	\$ 168,897	\$ 172,988	\$ 180,052
GAAP Other Revenue	12,507	13,586	13,353	14,231	15,115
GAAP Marketplace Revenue	\$ 170,950	\$ 177,909	\$ 182,250	\$ 187,219	\$ 195,167
GAAP U.S. Marketplace Segment Cost of Revenue	14,402	13,832	13,179	13,437	12,058
GAAP Other Cost of Revenue	1,072	991	1,011	948	1,087
GAAP Marketplace Cost of Revenue	15,474	14,823	14,190	14,385	13,145
GAAP Marketplace Gross Profit	\$ 155,476	\$ 163,086	\$ 168,060	\$ 172,834	\$ 182,022
Impact of Stock-Based Compensation Expense in Marketplace Cost of Revenue	81	77	77	75	45
Impact of Other Long-Lived Asset Impairment in Marketplace Cost of Revenue ¹	9	-	-	-	-
Non-GAAP Marketplace Gross Profit ^{2 3}	\$ 155,566	\$ 163,163	\$ 168,137	\$ 172,909	\$ 182,067
GAAP Marketplace Gross Profit Margin	91%	92%	92%	92%	93%
Non-GAAP Marketplace Gross Profit Margin ⁴	91%	92%	92%	92%	93%

1. During the three months ended June 30, 2024, we updated the table above to disclose other long-lived asset impairment in Non-GAAP Gross Profit and Non-GAAP Gross Profit Margin and, as such, have updated the three months ended June 30, 2023, for comparison purposes.
2. We define Non-GAAP Marketplace Gross Profit as the difference between GAAP Marketplace Revenue and GAAP Marketplace Cost of Revenue adjusted for the impact of Stock-Based Compensation Expense and impact of Other Long-Lived Asset Impairment 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.

3. Non-GAAP Marketplace Gross Profit plus Non-GAAP Digital Wholesale Gross Profit may not equal Non-GAAP Gross Profit in earnings release due to rounding.
4. 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)	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
GAAP Wholesale Revenue	\$ 31,952	\$ 21,735	\$ 22,035	\$ 16,125	\$ 13,119
GAAP Product Revenue	36,835	19,775	18,838	12,452	10,406
GAAP Digital Wholesale Revenue	\$ 68,787	\$ 41,510	\$ 40,873	\$ 28,577	\$ 23,525
GAAP Wholesale Cost of Revenue	24,428	21,284	22,286	14,224	12,633
GAAP Product Cost of Revenue	35,694	19,014	18,612	12,226	10,470
GAAP Digital Wholesale Cost of Revenue	\$ 60,122	\$ 40,298	\$ 40,898	\$ 26,450	\$ 23,103
GAAP Digital Wholesale Gross Profit (Loss)	\$ 8,665	\$ 1,212	\$ (25)	\$ 2,127	\$ 422
Impact of Stock-Based Compensation Expense in Digital Wholesale Cost of Revenue	103	109	1,780	156	14
Impact of Stock-Based Compensation Expense from CarOffer, LLC Units in Digital Wholesale Cost of Revenue ^{1 2}	1	(1)	-	-	-
Impact of Amortization of Intangible Assets in Digital Wholesale Cost of Revenue	5,250	5,250	5,250	875	-
Impact of Transaction-Related Expense in Digital Wholesale Cost of Revenue	-	-	-	92	-
Impact of Other Long-Lived Asset Impairment in Digital Wholesale Cost of Revenue ³	-	-	-	-	180
Non-GAAP Digital Wholesale Gross Profit ^{4 5}	\$ 14,019	\$ 6,570	\$ 7,005	\$ 3,250	\$ 616
GAAP Digital Wholesale Gross Profit (Loss) Margin	13%	3%	(0%)	7%	2%
Non-GAAP Digital Wholesale Gross Profit Margin ⁶	20%	16%	17%	11%	3%

1. We have updated the table above to separately disclose the stock-based compensation expense for CarOffer, LLC Units, and, as such, have updated the three months ended June 30, 2023, September 30, 2023, December 31, 2023, March 31, 2024, and June 30, 2024, for comparison purposes.

2. As defined in Note 2 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 26, 2024.

3. During the three months ended June 30, 2024, we updated the table above to disclose other long-lived impairment asset in Non-GAAP Gross Profit and Non-GAAP Gross Profit Margin and, as such, have updated the three months ended June 30, 2023, for comparison purposes.

4. 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 Stock-Based Compensation Expense, Stock-Based Compensation Expense from CarOffer, LLC Units, Amortization of Intangible Assets, Transaction-Related Expenses, and Other Long-Lived Asset Impairment 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.

5. Non-GAAP Marketplace Gross Profit plus Non-GAAP Digital Wholesale Gross Profit may not equal Non-GAAP Gross Profit in earnings release due to rounding.

6. 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.

Non-GAAP Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA Reconciliation

(\$ thousands)	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
U.S. Marketplace Segment Income from Operations	\$ 24,619	\$ 33,285	\$ 43,281	\$ 34,217	\$ 42,043
Other (Loss) Income from Operations	(574)	1,462	1,653	2,407	2,531
GAAP Marketplace (U.S. Marketplace Segment & Other) Income from Operations	\$ 24,045	\$ 34,747	\$ 44,934	\$ 36,624	\$ 44,574
Impact of Depreciation and Amortization	2,966	3,136	3,224	3,200	2,227
Impact of Other Long-Lived Asset Impairment	9	-	-	-	-
Impact of Stock-Based Compensation Expense	14,058	13,614	13,334	14,989	14,434
Impact of Transaction-Related Expenses	-	-	704	58	14
Non-GAAP Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA ^{1 2}	\$ 41,078	\$ 51,497	\$ 62,196	\$ 54,871	\$ 61,249
Non-GAAP Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA Margin ³	24%	29%	34%	29%	31%

1. We define Non-GAAP Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA as GAAP Marketplace (U.S. Marketplace Segment & Other) Income from Operations, adjusted to exclude: Depreciation & Amortization; Other Long-Lived Asset Impairment; 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. Non-GAAP Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA plus Non-GAAP Digital Wholesale Adjusted EBITDA may not equal Non-GAAP Consolidated Adjusted EBITDA due to rounding.

3. We define Non-GAAP Marketplace Adjusted EBITDA margin as Non-GAAP Marketplace (U.S. Marketplace Segment & Other) 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.

Non-GAAP Digital Wholesale Adjusted EBITDA Reconciliation

(\$ thousands)	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
GAAP Digital Wholesale Loss from Operations	\$ (6,307)	\$ (11,652)	\$ (67,199)	\$ (10,340)	\$ (138,158)
Impact of Depreciation and Amortization	8,701	9,334	9,537	4,281	3,436
Impact of Goodwill and Other Long-Lived Asset Impairment ¹	-	-	-	-	127,655
Impact of Stock-Based Compensation Expense	545	648	737	833	1,123
Impact of Stock-Based Compensation Expense from CarOffer, LLC Units ^{2,3}	1,225	(1,225)	55,543	-	-
Impact of Transaction-Related Expenses	-	-	340	753	250
Non-GAAP Digital Wholesale Adjusted EBITDA ^{4,5}	\$ 4,164	\$ (2,895)	\$ (1,042)	\$ (4,473)	\$ (5,694)

1. During the three months ended June 30, 2024, we recognized a goodwill impairment and presented it with other long-lived asset impairment. During the three months ended June 30, 2023, September 30, 2023, December 31, 2023, and March 31, 2024, we did not have a goodwill or other long-lived asset impairment.
2. We have updated the table above to separately disclose the stock-based compensation expense for CarOffer, LLC Units, and, as such, have updated the three months ended June 30, 2023, September 30, 2023, December 31, 2023, March 31, 2024, and June 30, 2024, for comparison purposes.
3. As defined in Note 2 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 26, 2024.

4. We define Non-GAAP Digital Wholesale Adjusted EBITDA as GAAP Digital Wholesale Loss from Operations, adjusted to exclude: Depreciation & Amortization; Goodwill and Other Long-Lived Asset Impairment; 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.
5. Non-GAAP Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA plus Non-GAAP Digital Wholesale Adjusted EBITDA may not equal Non-GAAP Consolidated Adjusted EBITDA due to rounding.

Non-GAAP Consolidated Adjusted EBITDA Reconciliation

(\$ thousands)	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
GAAP Consolidated Net Income	\$ 13,817	\$ 18,973	\$ (22,603)	\$ 21,301	\$ (68,721)
Impact of Depreciation and Amortization	11,667	12,470	12,761	7,481	5,663
Impact of Goodwill and Other Long-Lived Asset Impairment ¹	9	-	-	-	127,655
Impact of Stock-Based Compensation Expense	14,602	14,263	14,071	15,822	15,557
Impact of Stock-Based Compensation Expense for CarOffer LLC, Units ^{2,3}	1,225	(1,225)	55,543	-	-
Impact of Transaction-Related Expenses	-	-	1,044	811	265
Impact of Other (Income) Expense, Net	(4,680)	(4,167)	(5,875)	(3,401)	(3,161)
Impact of Provision for (Benefit from) Income Taxes	8,601	8,289	6,213	8,384	(21,702)
Non-GAAP Consolidated Adjusted EBITDA ^{4,5}	\$ 45,241	\$ 48,603	\$ 61,154	\$ 50,398	\$ 55,556
Non-GAAP Consolidated Adjusted EBITDA Margin ⁶	19%	22%	27%	23%	25%

1. During the three months ended June 30, 2024, we recognized a goodwill impairment and presented it with other long-lived asset impairment. During the three months ended June 30, 2023, September 30, 2023, December 31, 2023, and March 31, 2024, we did not have a goodwill impairment.
2. We have updated the table above to separately disclose the stock-based compensation expense for CarOffer, LLC Units, and, as such, have updated the three months ended June 30, 2023, September 30, 2023, December 31, 2023, March 31, 2024, and June 30, 2024, for comparison purposes.
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5. Non-GAAP Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA plus Non-GAAP Digital Wholesale Adjusted EBITDA may not equal Non-GAAP Consolidated Adjusted EBITDA due to rounding.
6. We define Non-GAAP 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.