

**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): August 6, 2025



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.)

1001 Boylston Street, 16th Floor
Boston, Massachusetts 02115
(Address of Principal Executive Offices)
(Zip Code)

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

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 2.02 Results of Operations and Financial Condition.

On August 7, 2025, CarGurus, Inc. (the “Company”) announced its financial results for the quarter ended June 30, 2025. The full text of the press release issued by the Company in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The press release attached as Exhibit 99.1 hereto is being furnished pursuant to Item 2.02 of this Current Report on Form 8-K 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, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 2.05 Costs Associated with Exit or Disposal Activities.

On August 6, 2025, the Board of Directors of the Company determined, after considering all reasonably available options and a broader strategic reassessment, that it is in the best interests of its stockholders to wind down CarOffer, LLC (“CarOffer”), including the Dealer-to-Dealer and Instant Max Cash Offer products (the “CarOffer Transactions Business”). Following the broader strategic reassessment, the Company concluded that the CarOffer Transactions Business has proven less effective in today’s more volatile and unpredictable pricing environment, where dealers require more flexibility and broader automation to streamline fulfillment than the model could provide. Following the wind-down, the Company will continue to deliver AI-powered inventory intelligence through its insights platform and enable consumer vehicle sourcing at scale through Sell My Car - Top Dealer Offers and will focus on technology and analytics that will enable smarter sourcing and pricing decisions rather than facilitating the transactions themselves.

The Company expects to substantially complete the wind-down activities in the second-half of 2025. As a result of the intended wind-down, the Company expects to incur total expenditures in the range of approximately \$14.0 million to \$19.0 million, primarily in the second half of 2025. A significant portion of the cash payments are expected to be paid in the second half of 2025, with the remaining expected to be paid in the first half of 2026. These charges include:

- Cash expenditures of (i) approximately \$5.0 million to \$7.0 million of one-time restructuring costs, including severance and other employee-related costs and contract termination charges and (ii) approximately \$8.0 million to \$10.0 million of other associated costs to wind down operations.
- Other non-cash charges of approximately \$1.0 million to \$2.0 million.

The estimates of the charges and costs that the Company expects to incur, and the timing thereof, are subject to a number of assumptions and actual results may differ materially from those described above. In addition, the Company may incur other charges or cash expenditures not currently contemplated due to unanticipated events that may occur as a result of or in connection with the wind-down of CarOffer, including the CarOffer Transactions Business.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K includes forward-looking statements. All statements contained in this Current Report on Form 8-K other than statements of historical facts, including, without limitation, statements regarding the expectations about the Company’s intended wind down of CarOffer, including the CarOffer Transactions Business, such as expected costs and timing, and the Company’s plans to focus on technologies and analytics that will enable smarter sourcing and pricing decisions are 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. The Company has based these forward-looking statements on its current expectations and projections about future events and trends that it believes may affect the Company’s business, financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. 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, including, without limitation, the Company’s ability to implement its plan to wind down CarOffer, including the CarOffer Transactions Business; failure to achieve expected organizational efficiencies; the estimated costs associated with the wind down; the impact the wind down will have on the Company’s operations; disruptions in relationships with dealers, customers, vendors, contractors, and employees given the Company’s decision to wind down CarOffer, including the CarOffer Transactions Business;

unanticipated developments that may prevent, delay, or increase the costs associated with the wind down activities; the potential impact on the Company's business due to the announcement of the wind down; the Company's growth and ability to grow its revenue; competition in the markets in which the Company operates; and global supply chain challenges, increased inflation, and interest rates, and other macroeconomic issues; as well as other risks and uncertainties as may be detailed from time to time in the Company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q and other reports the Company files with the U.S. Securities and Exchange Commission. Moreover, the Company operates in very competitive and rapidly changing environments. New risks emerge from time to time. It is not possible for the Company's management to predict all risks, nor can the Company assess the impact of all factors on its 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 the Company may make. In light of these risks, uncertainties and assumptions, the Company cannot guarantee that future results, levels of activity, performance, achievements or events, and circumstances reflected in the forward-looking statements will occur. The Company is under no duty to update any of these forward-looking statements after the date of this Current Report on Form 8-K 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 the Company's views as of any date subsequent to the date of this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of CarGurus, Inc., dated August 7, 2025.
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: August 7, 2025

By: /s/ Jason Trevisan

Name: Jason Trevisan

Title: Chief Executive Officer



CarGurus Announces Second Quarter 2025 Results & Shares Plans to Wind Down CarOffer Transactions Business

Sustained strong momentum in the Marketplace business, with revenue up 14% YoY

Q2'25 Net Income of \$22.3 million; Non-GAAP Adjusted EBITDA of \$77.3 million, up 39% YoY

Board approves additional \$150 million share repurchase, increasing 2025 authorization to \$350 million and extending it through July 2026

BOSTON, August 7, 2025 - CarGurus, Inc. (Nasdaq: CARG), the No. 1 visited digital auto platform for shopping, buying, and selling new and used vehicles*, today announced financial results for the second quarter ended June 30, 2025, and its plan to wind down the CarOffer transactions business.

“Our Marketplace business had another strong quarter, with year-over-year revenue growth of 14%,” said Jason Trevisan, Chief Executive Officer at CarGurus. “We remain committed to expanding our suite of data-driven solutions across dealers’ workflows and powering a more seamless car-shopping journey for consumers. Within transaction-enablement, we are sharpening our focus on technology and analytics that enable smarter sourcing decisions rather than facilitating the transactions themselves. Accordingly, we have made the decision to wind down the CarOffer transactions business over the balance of the year. This decision was not taken lightly, especially as it impacts colleagues who have contributed meaningfully to our efforts. We’re grateful for their work and are committed to supporting them through the transition.”

Second Quarter Financial Highlights

Below are our second quarter financial highlights for the three and six months ended June 30, 2025. The amounts in the tables below may not sum due to rounding.

	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025	
	Results (in millions)	Variance from Prior Year	Results (in millions)	Variance from Prior Year
Revenue				
Marketplace Revenue	\$ 222.0	14%	\$ 434.2	14%
Wholesale Revenue	6.3	(52)%	14.0	(52)%
Product Revenue	5.8	(45)%	10.9	(52)%
Total Revenue	\$ 234.0	7%	\$ 459.2	6%
Gross Profit ⁽¹⁾	\$ 204.4	12%	\$ 404.1	13%
% Margin	87%	391 bps	88%	574 bps
Operating Expenses ⁽²⁾	\$ 179.5	(35)%	\$ 333.5	(21)%
GAAP Net Income ⁽³⁾	\$ 22.3	NM ⁽⁶⁾	\$ 61.4	NM ⁽⁶⁾
% Margin	10%	NM ⁽⁶⁾	13%	NM ⁽⁶⁾
Non-GAAP Adjusted EBITDA ⁽⁴⁾	\$ 77.3	39%	\$ 143.6	36%
% Margin ⁽⁴⁾	33%	762 bps	31%	688 bps
Cash and Cash Equivalents at period end ⁽⁵⁾	\$ 231.2	(24)%	\$ 231.2	(24)%

(1) During the three and six months ended June 30, 2025, we recorded \$2.9 million of impairments in cost of revenue. During the three and six months ended June 30, 2024, we recorded \$0.2 million of impairments in cost of revenue.

(2) During the three and six months ended June 30, 2025, we recorded \$29.6 million of impairments in operating expenses. During the three and six months ended June 30, 2024, we recorded \$127.5 million of impairments in operating expenses.

(3) During the three and six months ended June 30, 2025, we recorded \$32.6 million of impairments. During the three and six months ended June 30, 2024, we recorded \$127.7 million of impairments.

(4) For more information regarding our use of non-GAAP Adjusted EBITDA and other non-GAAP financial measures, please see the reconciliations of GAAP financial measures to non-GAAP financial measures and the section titled "Non-GAAP Financial Measures and Other Business Metrics" below.

(5) Variance represents the change from December 31, 2024.

(6) Not meaningful.

	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025	
	Results	Variance from Prior Year	Results	Variance from Prior Year
Key Performance Indicators ⁽¹⁾				
U.S. Paying Dealers ⁽²⁾	25,478	4%	25,478	4%
International Paying Dealers ⁽²⁾	7,617	10%	7,617	10%
Total Paying Dealers ⁽²⁾	33,095	6%	33,095	6%
U.S. QARSD	\$ 7,533	9%	\$ 7,533	9%
International QARSD	\$ 2,309	19%	\$ 2,309	19%
Consolidated QARSD	\$ 6,349	9%	\$ 6,349	9%
Transactions	3,955	(55)%	9,164	(52)%
U.S. Average Monthly Unique Users (in millions) ⁽²⁾	34.1	N/A⁽⁴⁾	34.5	N/A⁽⁴⁾
U.S. Average Monthly Sessions (in millions) ⁽²⁾	84.6	N/A⁽⁴⁾	85.2	N/A⁽⁴⁾
International Average Monthly Unique Users (in millions) ⁽²⁾	10.2	N/A⁽⁴⁾	10.4	N/A⁽⁴⁾
International Average Monthly Sessions (in millions) ⁽²⁾	21.3	N/A⁽⁴⁾	21.8	N/A⁽⁴⁾

Segment Reporting (in millions)

U.S. Marketplace Segment Revenue	\$ 202.7	13%	\$ 397.9	13%
U.S. Marketplace Segment Operating Income	\$ 58.8	40%	\$ 108.5	42%
Digital Wholesale Segment Revenue	\$ 12.0	(49)%	\$ 25.0	(52)%
Digital Wholesale Segment Operating Loss ⁽³⁾	\$ (37.0)	73%	\$ (42.8)	71%

(1) For more information regarding our use of Key Performance Indicators, please see the section titled "Non-GAAP Financial Measures and Other Business Metrics" below.

(2) CarOffer website is excluded from the metrics presented for users and sessions.

(3) For the three and six months ended June 30, 2025, Digital Wholesale Segment Operating Loss is inclusive of \$32.6 million of impairments related to the CarOffer reporting unit.

(4) As a result of the change from Google Universal Analytics ("Google Analytics") to Google Analytics 4 ("GA4") on July 1, 2024, we are unable to provide comparable monthly unique users or monthly sessions information for this period. For more information regarding the change in methodology for monthly unique users or monthly sessions, please see the section titled "Non-GAAP Financial Measures and Other Business Metrics" below.

Third Quarter 2025 Guidance

The table below provides CarGurus' guidance, which is based on recent market trends, industry conditions, and management's expectations and assumptions as of today.

Third Quarter 2025 Guidance Metrics	Values
Marketplace Revenue ⁽¹⁾	\$228.0 million to \$233.0 million
Non-GAAP Marketplace (U.S. Marketplace Segment and Other) Adjusted EBITDA	\$76.5 million to \$84.5 million
Non-GAAP Earnings per Share	\$0.50 to \$0.58

(1) Marketplace revenue consists of U.S. Marketplace Segment and Other revenue.

The third quarter 2025 non-GAAP earnings per share calculation assumes 101.0 million diluted weighted-average common shares outstanding.

The assumptions that are built into guidance for the third quarter 2025 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 2025 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 future foreign currency exchange gains or losses. CarGurus may incur charges, realize gains or losses, or experience other events or circumstances in 2025 that could cause any of these assumptions to change and/or actual results to vary from this guidance.

CarGurus has not reconciled its guidance of non-GAAP Marketplace (U.S. Marketplace Segment and Other) Adjusted EBITDA to GAAP Marketplace (U.S. Marketplace Segment and Other) operating income or non-GAAP earnings per share to GAAP earnings per share because reconciling items between such GAAP and non-GAAP financial measures, which include, as applicable, stock-based compensation, depreciation expenses, amortization of intangible assets, non-intangible amortization, impairments, transaction-related expenses, and income tax effects, cannot be reasonably predicted due to, as applicable, uncertainty in the timing, amount, valuation, and number of future employee equity awards, uncertainty in the timing, amount, and classification of future capital expenditures and intangible asset additions, uncertainty in the timing, frequency, and effect of impairments, and uncertainty in the timing, frequency, and effect of acquisitions and the significance of the resulting transaction-related expenses, and therefore cannot be determined without unreasonable effort.

Wind Down of CarOffer Transactions Business

On August 6, 2025, the Board of Directors of CarGurus determined, after considering all reasonably available options and a broader strategic reassessment, that it is in the best interests of its stockholders to wind down CarOffer, LLC. ("CarOffer"), including the Dealer-to Dealer and Instant Max Cash Offer products (the "CarOffer Transactions Business"). Following the broader strategic reassessment, CarGurus concluded that the CarOffer Transactions Business has proven less effective in today's more volatile and unpredictable pricing environment, where dealers require more flexibility and broader automation to streamline fulfillment than the model could provide. Following the wind-down, CarGurus will continue to deliver AI-powered inventory intelligence through its insights platform and enable consumer vehicle sourcing at scale through Sell My Car - Top Dealer Offers and will focus on technology and analytics that will enable smarter sourcing and pricing decisions rather than facilitating the transactions themselves.

CarGurus expects to substantially complete the wind-down activities in the second half of 2025. As a result of the intended wind-down, the Company expects to incur total expenditures in the range of approximately \$14.0 million to \$19.0 million, primarily in the second half of 2025. A significant portion of the cash payments are expected to be paid in the second half of 2025, with the remaining expected to be paid in the first half of 2026.

The estimates of the charges and costs that CarGurus expects to incur, and the timing thereof, are subject to a number of assumptions and actual results may differ materially from those described above. In addition, CarGurus may incur other charges or cash expenditures not currently contemplated due to unanticipated events that may occur as a result of or in connection with the wind down of CarOffer, including the CarOffer Transactions Business.

Conference Call and Webcast Information

CarGurus will host a conference call and live webcast to discuss its second quarter 2025 financial results and business outlook and its plan to wind down CarOffer, including the CarOffer Transactions Business, at 5:00 p.m. Eastern Time today, August 7, 2025. To access the conference call, dial (877) 451-6152 for callers in the U.S. or Canada, or (201) 389-0879 for international callers. The webcast will be available live on the Investors section of CarGurus' website at <https://investors.cargurus.com>.

An audio replay of the call will also be available to investors beginning at approximately 8:00 p.m. Eastern Time today, August 7, 2025, until 11:59 p.m. Eastern Time on August 21, 2025, by dialing (844) 512-2921 for callers in the U.S. or Canada, or (412) 317-6671 for international callers, and entering passcode 13754096. In addition, an archived webcast will be available on the Investors section of CarGurus' website at <https://investors.cargurus.com>.

About CarGurus

CarGurus (Nasdaq: CARG) is a multinational, online automotive platform for buying and selling vehicles that is building upon its industry-leading listings marketplace with digital retail solutions. The CarGurus platform gives consumers the confidence to purchase and/or sell a vehicle either online or in person, and it gives dealerships the power to accurately price, effectively market, instantly acquire, and quickly sell vehicles, all with a nationwide reach. The Company uses proprietary technology, search algorithms, and data analytics to bring trust, transparency, and competitive pricing to the automotive shopping experience. CarGurus is the most visited automotive shopping site in the U.S.*

In addition to the U.S. marketplace, the Company operates online marketplaces under the CarGurus brand in Canada and the U.K., as well as independent online marketplace brands Autolist in the U.S. and PistonHeads in the U.K.

To learn more about CarGurus, visit www.cargurus.com.

*Source: Similarweb, Traffic Report (Cars.com, Autotrader.com, TrueCar.com, CARFAX.com Listings (defined as CARFAX.com Total visits minus Vehicle History Reports traffic), Q2 2025, U.S.

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Cautionary Language Concerning Forward-Looking Statements

This press release includes forward-looking statements. Other than statements of historical facts, all statements contained in this press release, including statements regarding our future financial and operating results; our third quarter 2025 financial and business performance, including guidance; the expectations about our intended wind down of CarOffer, including the CarOffer Transactions Business, such as expected costs and timing; our plans to focus on technology and analytics that will enable smarter sourcing and pricing decisions; our business and growth strategy and our plans to execute on our growth strategy; our ability to grow our business profitably and efficiently; our capital allocation and investment strategy; the attractiveness and value proposition of our current offerings and other product opportunities; our ability to maintain existing and acquire new customers; addressable opportunities; our expectation that we will continue to invest in growth initiatives; our ability to quickly make transformations necessary for our business to achieve long-term goals; and our ability to overcome challenges facing the automotive industry ecosystem, including inventory supply problems, global supply chain challenges, including disruptions to pre-existing supply chains and vendor relations, changes to trade policies or tariff regulations, financial market volatility and disruption, increased interest rates, inflationary concerns, and other macroeconomic issues, including uncertain or volatile economic conditions in the U.S. and abroad, are forward-looking statements. The words "aim," "anticipate," "believe," "could," "estimate," "expect," "goal," "guide," "guidance," "intend," "may," "might," "plan," "potential," "predicts," "projects," "seeks," "should," "strive," "target," "will," "would," 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. 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 implement our plan to wind down CarOffer, including the CarOffer Transactions Business; failure to achieve expected organizational efficiencies from the wind down; the estimated costs associated with the wind down; the impact the wind down will have on our operations; disruptions in relationships with dealers, customers, vendors, contractors, and employees given our decision to wind down CarOffer, including the CarOffer Transactions Business; unanticipated developments that may prevent, delay, or increase the costs associated with the wind down activities; the potential impact on our business due to the announcement of the wind down; 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, right-of-use assets, or other assets; increased inflation and interest rates, global supply chain challenges, changes in international trade policies, including tariffs, volatile economic conditions, and other macroeconomic issues; the impact of changes in tax law and related guidance and regulations that may be implemented, including on tax rates, our business, and our financial results; 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. 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.

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Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	As of June 30, 2025	As of December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 231,233	\$ 304,193
Accounts receivable, net of allowance for doubtful accounts of \$935 and \$788, respectively	41,032	44,248
Inventory	963	338
Prepaid expenses, prepaid income taxes, and other current assets	19,081	27,868
Deferred contract costs	14,547	12,523
Restricted cash	2,116	2,036
Total current assets	308,972	391,206
Property and equipment, net	130,299	130,010
Intangible assets, net	4,303	11,767
Goodwill	28,370	46,167
Operating lease right-of-use assets	117,454	121,484
Deferred tax assets	120,002	106,672
Deferred contract costs, net of current portion	13,032	13,196
Other non-current assets	3,689	4,034
Total assets	<u>\$ 726,121</u>	<u>\$ 824,536</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 32,738	\$ 26,410
Accrued expenses, accrued income taxes, and other current liabilities	31,893	35,975
Deferred revenue	23,395	21,661
Operating lease liabilities	9,173	9,005
Total current liabilities	97,199	93,051
Operating lease liabilities	186,038	183,739
Deferred tax liabilities	26	26
Other non-current liabilities	7,381	6,031
Total liabilities	290,644	282,847
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Class A common stock, \$0.001 par value per share; 500,000,000 shares authorized; 84,738,943 and 89,002,571 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	85	89
Class B common stock, \$0.001 par value per share; 100,000,000 shares authorized; 14,216,250 and 14,986,745 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	14	15
Additional paid-in capital	15,366	169,013
Retained earnings	418,642	375,119
Accumulated other comprehensive income (loss)	1,370	(2,547)
Total stockholders' equity	435,477	541,689
Total liabilities and stockholders' equity	<u>\$ 726,121</u>	<u>\$ 824,536</u>

Unaudited Condensed Consolidated Income Statements
(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue				
Marketplace	\$ 221,998	\$ 195,167	\$ 434,233	\$ 382,386
Wholesale	6,275	13,119	14,022	29,244
Product	5,760	10,406	10,936	22,858
Total revenue	234,033	218,692	459,191	434,488
Cost of revenue ⁽¹⁾				
Marketplace	15,561	13,145	29,809	27,530
Wholesale ⁽²⁾	8,347	12,633	14,517	26,857
Product	5,743	10,470	10,776	22,696
Total cost of revenue	29,651	36,248	55,102	77,083
Gross profit	204,382	182,444	404,089	357,405
Operating expenses				
Sales and marketing	84,337	82,311	171,053	164,585
Product, technology, and development	34,370	36,580	70,620	72,125
General and administrative	27,062	27,429	53,842	55,495
Impairments	29,633	127,475	29,633	127,475
Depreciation and amortization	4,136	2,233	8,342	5,025
Total operating expenses	179,538	276,028	333,490	424,705
Income (loss) from operations	24,844	(93,584)	70,599	(67,300)
Other income, net				
Interest income	2,134	2,440	5,232	6,346
Other income, net	430	721	128	216
Total other income, net	2,564	3,161	5,360	6,562
Income (loss) before income taxes	27,408	(90,423)	75,959	(60,738)
Provision for (benefit from) income taxes	5,065	(21,702)	14,571	(13,318)
Net income (loss)	\$ 22,343	\$ (68,721)	\$ 61,388	\$ (47,420)
Net income (loss) per share attributable to common stockholders:				
Basic	\$ 0.23	\$ (0.66)	\$ 0.61	\$ (0.45)
Diluted	\$ 0.22	\$ (0.66)	\$ 0.60	\$ (0.45)
Weighted-average number of shares of common stock used in computing net income (loss) per share attributable to common stockholders:				
Basic	98,889,893	103,827,661	100,980,676	105,501,236
Diluted	100,184,067	103,827,661	102,614,441	105,501,236

(1) Includes depreciation and amortization expense for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024 of \$2,546, \$3,430, \$4,894, and \$8,119, respectively.

(2) Includes impairments for the three and six months ended June 30, 2025 of \$2,919. Includes impairments for the three and six months ended June 30, 2024 of \$180.

**Unaudited Segment Revenue
(in thousands)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>Segment Revenue:</i>				
U.S. Marketplace	\$ 202,652	\$ 180,052	\$ 397,880	\$ 353,040
Digital Wholesale	12,035	23,525	24,958	52,102
Other	19,346	15,115	36,353	29,346
Total	<u>\$ 234,033</u>	<u>\$ 218,692</u>	<u>\$ 459,191</u>	<u>\$ 434,488</u>

**Unaudited Segment Income (Loss) from Operations
(in thousands)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>Segment Income (Loss) from Operations:</i>				
U.S. Marketplace	\$ 58,762	\$ 42,043	\$ 108,543	\$ 76,260
Digital Wholesale	(37,041)	(138,158)	(42,820)	(148,498)
Other	3,123	2,531	4,876	4,938
Total	<u>\$ 24,844</u>	<u>\$ (93,584)</u>	<u>\$ 70,599</u>	<u>\$ (67,300)</u>

Unaudited Condensed Consolidated Statements of Cash Flows (in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Operating Activities				
Net income (loss)	\$ 22,343	\$ (68,721)	\$ 61,388	\$ (47,420)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	6,682	5,663	13,236	13,144
Currency (gain) loss on foreign denominated transactions	(292)	123	(457)	507
Other non-cash income, net	—	(816)	—	(816)
Deferred taxes	(9,941)	(35,112)	(13,330)	(44,164)
Provision for doubtful accounts	699	508	1,123	798
Stock-based compensation expense	13,025	15,337	25,925	31,159
Amortization of deferred financing costs	129	129	258	258
Amortization of deferred contract costs	4,004	3,375	7,814	6,633
Impairments	32,552	127,655	32,552	127,655
Changes in operating assets and liabilities:				
Accounts receivable	(847)	4,425	2,223	243
Inventory	(20)	(395)	(373)	(714)
Prepaid expenses, prepaid income taxes, and other assets	2,093	1,451	8,894	7,425
Deferred contract costs	(4,685)	(4,122)	(9,429)	(7,448)
Accounts payable	2,617	8,594	6,692	9,301
Accrued expenses, accrued income taxes, and other liabilities	2,388	(1,543)	(3,204)	(862)
Deferred revenue	955	356	1,686	476
Lease obligations	1,417	14,690	6,000	27,386
Net cash provided by operating activities	73,119	71,597	140,998	123,561
Investing Activities				
Purchases of property and equipment	(1,583)	(25,984)	(3,823)	(54,649)
Capitalization of website development costs	(6,262)	(5,242)	(11,653)	(10,707)
Purchases of short-term investments	—	—	—	(494)
Sale of short-term investments	—	—	—	21,218
Advance payments to customers, net of collections	—	—	—	259
Net cash used in investing activities	(7,845)	(31,226)	(15,476)	(44,373)
Financing Activities				
Proceeds from issuance of common stock upon exercise of stock options	10	15	404	26
Payment of withholding taxes on net share settlements of restricted stock units	(6,345)	(6,290)	(15,330)	(11,405)
Repurchases of common stock	(1,780)	(65,037)	(184,608)	(142,479)
Payment of excise tax for repurchase of common stock	(682)	—	(682)	—
Payment of finance lease obligations	(20)	(19)	(40)	(37)
Change in gross advance payments received from third-party transaction processor	(243)	394	(281)	(80)
Net cash used in financing activities	(9,060)	(70,937)	(200,537)	(153,975)
Impact of foreign currency on cash, cash equivalents, and restricted cash	1,425	(197)	2,135	(774)
Net increase (decrease) in cash, cash equivalents, and restricted cash	57,639	(30,763)	(72,880)	(75,561)
Cash, cash equivalents, and restricted cash at beginning of period	175,710	249,128	306,229	293,926
Cash, cash equivalents, and restricted cash at end of period	\$ 233,349	\$ 218,365	\$ 233,349	\$ 218,365

Unaudited Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income and GAAP Net Income (Loss) Per Share Attributable to Common Stockholders to Non-GAAP Net Income Per Share Attributable to Common Stockholders:
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024 ⁽¹⁾	2025	2024 ⁽¹⁾
GAAP net income (loss)	\$ 22,343	\$ (68,721)	\$ 61,388	\$ (47,420)
Stock-based compensation expense	13,025	15,557	25,925	31,379
Amortization of intangible assets	512	757	1,017	2,639
Impairments	32,552	127,655	32,552	127,655
Transaction-related expenses	193	265	1,280	1,076
Income tax effects and adjustments	(11,764)	(34,804)	(16,938)	(38,226)
Non-GAAP net income	\$ 56,861	\$ 40,709	\$ 105,224	\$ 77,103
GAAP net income (loss) per share attributable to common stockholders:				
Basic	\$ 0.23	\$ (0.66)	\$ 0.61	\$ (0.45)
Diluted	\$ 0.22	\$ (0.66)	\$ 0.60	\$ (0.45)
Non-GAAP net income per share attributable to common stockholders:				
Basic	\$ 0.57	\$ 0.39	\$ 1.04	\$ 0.73
Diluted	\$ 0.57	\$ 0.39	\$ 1.03	\$ 0.73
Shares used in GAAP and Non-GAAP per share calculations				
Basic	98,890	103,828	100,981	105,501
Diluted	100,184	103,828	102,614	105,501

(1) During the three months ended March 31, 2025, we identified an immaterial error to our non-GAAP net income calculation related to the income tax effects and adjustments and have updated the table to correct the calculation for the three months ended June 30, 2024 and for the six months ended June 30, 2024. For the three months ended June 30, 2024, this resulted in a decrease in the non-GAAP net income per share attributable to common stockholders from \$0.41 per share to \$0.39 per share. There was no impact to the reported non-GAAP net income per share for the six months ended June 30, 2024.

Unaudited Reconciliation of GAAP Net Income (Loss) to Non-GAAP Adjusted EBITDA and GAAP Net Income (Loss) Margin to Non-GAAP Adjusted EBITDA Margin
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
GAAP net income (loss)	\$ 22,343	\$ (68,721)	\$ 61,388	\$ (47,420)
Depreciation and amortization	6,682	5,663	13,236	13,144
Impairments	32,552	127,655	32,552	127,655
Stock-based compensation expense	13,025	15,557	25,925	31,379
Transaction-related expenses	193	265	1,280	1,076
Other income, net	(2,564)	(3,161)	(5,360)	(6,562)
Provision for (benefit from) income taxes	5,065	(21,702)	14,571	(13,318)
Non-GAAP adjusted EBITDA	\$ 77,296	\$ 55,556	\$ 143,592	\$ 105,954
GAAP net income (loss) margin	10%	(31)%	13%	(11)%
Non-GAAP adjusted EBITDA margin	33%	25%	31%	24%

Unaudited Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit and GAAP Gross Profit Margin to Non-GAAP Gross Profit Margin
(in thousands, except percentages)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 234,033	\$ 218,692	\$ 459,191	\$ 434,488
Cost of revenue	29,651	36,248	55,102	77,083
GAAP gross profit	204,382	182,444	404,089	357,405
Impairments included in Cost of revenue	2,919	180	2,919	180
Stock-based compensation expense included in Cost of revenue	78	60	138	291
Transaction-related expenses included in Cost of revenue	2	—	271	92
Amortization of intangible assets included in Cost of revenue	—	—	—	875
Non-GAAP gross profit	\$ 207,381	\$ 182,684	\$ 407,417	\$ 358,843
GAAP gross profit margin	87%	83%	88%	82%
Non-GAAP gross profit margin	89%	84%	89%	83%

Unaudited Reconciliation of GAAP Expense to Non-GAAP Expense (in thousands)

	Three Months Ended June 30, 2025					
	GAAP expense	Stock-based compensation expense	Amortization of intangible assets	Impairments	Transaction-related expenses	Non-GAAP expense
Cost of revenue	\$ 29,651	\$ (78)	\$ —	\$ (2,919)	\$ (2)	\$ 26,652
Sales and marketing	84,337	(2,979)	—	—	(6)	81,352
Product, technology, and development	34,370	(5,542)	—	—	(52)	28,776
General and administrative	27,062	(4,426)	—	—	(133)	22,503
Impairments	29,633	—	—	(29,633)	—	—
Depreciation & amortization	4,136	—	(512)	—	—	3,624
Operating expenses ⁽¹⁾	\$ 179,538	\$ (12,947)	\$ (512)	\$ (29,633)	\$ (191)	\$ 136,255
Total cost of revenue and operating expenses	\$ 209,189	\$ (13,025)	\$ (512)	\$ (32,552)	\$ (193)	\$ 162,907

	Three Months Ended June 30, 2024					
	GAAP expense	Stock-based compensation expense	Amortization of intangible assets	Impairments	Transaction-related expenses	Non-GAAP expense
Cost of revenue	\$ 36,248	\$ (60)	\$ —	\$ (180)	\$ —	\$ 36,008
Sales and marketing	82,311	(3,250)	—	—	(170)	78,891
Product, technology, and development	36,580	(6,024)	—	—	(62)	30,494
General and administrative	27,429	(6,223)	—	—	(33)	21,173
Impairments	127,475	—	—	(127,475)	—	—
Depreciation & amortization	2,233	—	(757)	—	—	1,476
Operating expenses ⁽¹⁾	\$ 276,028	\$ (15,497)	\$ (757)	\$ (127,475)	\$ (265)	\$ 132,034
Total cost of revenue and operating expenses	\$ 312,276	\$ (15,557)	\$ (757)	\$ (127,655)	\$ (265)	\$ 168,042

	Six Months Ended June 30, 2025					
	GAAP expense	Stock-based compensation expense	Amortization of intangible assets	Impairments	Transaction-related expenses	Non-GAAP expense
Cost of revenue	\$ 55,102	\$ (138)	\$ —	\$ (2,919)	\$ (271)	\$ 51,774
Sales and marketing	171,053	(5,812)	—	—	(497)	164,744
Product, technology, and development	70,620	(11,107)	—	—	(203)	59,310
General and administrative	53,842	(8,868)	—	—	(309)	44,665
Impairments	29,633	—	—	(29,633)	—	—
Depreciation & amortization	8,342	—	(1,017)	—	—	7,325
Operating expenses ⁽¹⁾	\$ 333,490	\$ (25,787)	\$ (1,017)	\$ (29,633)	\$ (1,009)	\$ 276,044
Total cost of revenue and operating expenses	\$ 388,592	\$ (25,925)	\$ (1,017)	\$ (32,552)	\$ (1,280)	\$ 327,818

	Six Months Ended June 30, 2024					
	GAAP expense	Stock-based compensation expense	Amortization of intangible assets	Impairments	Transaction-related expenses	Non-GAAP expense
Cost of revenue	\$ 77,083	\$ (291)	\$ (875)	\$ (180)	\$ (92)	\$ 75,645
Sales and marketing	164,585	(6,124)	—	—	(564)	157,897
Product, technology, and development	72,125	(12,001)	—	—	(63)	60,061
General and administrative	55,495	(12,963)	—	—	(357)	42,175
Impairments	127,475	—	—	(127,475)	—	—
Depreciation & amortization	5,025	—	(1,764)	—	—	3,261
Operating expenses ⁽¹⁾	\$ 424,705	\$ (31,088)	\$ (1,764)	\$ (127,475)	\$ (984)	\$ 263,394
Total cost of revenue and operating expenses	\$ 501,788	\$ (31,379)	\$ (2,639)	\$ (127,655)	\$ (1,076)	\$ 339,039

(1) Operating expenses include sales and marketing, product, technology, and development, general and administrative, impairments, and depreciation & amortization.

Unaudited Reconciliation of GAAP Net Cash and Cash Equivalents Provided by Operating Activities to Non-GAAP Free Cash Flow
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
GAAP net cash and cash equivalents provided by operating activities	\$ 73,119	\$ 71,597	\$ 140,998	\$ 123,561
Purchases of property and equipment	(1,583)	(25,984)	(3,823)	(54,649)
Capitalization of website development costs	(6,262)	(5,242)	(11,653)	(10,707)
Non-GAAP free cash flow	<u>\$ 65,274</u>	<u>\$ 40,371</u>	<u>\$ 125,522</u>	<u>\$ 58,205</u>

Non-GAAP Financial Measures and Other Business Metrics

To supplement our consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the U.S. ("GAAP"), we provide investors with certain non-GAAP financial measures and other business metrics, which we believe are helpful to our investors. We use these non-GAAP financial measures and other business metrics for financial and operational decision-making purposes and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures and other business metrics provide useful information about our operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to metrics used by our management in its financial and operational decision-making.

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 these financial measures to the comparable GAAP financial measures included above, and not to rely on any single financial measure to evaluate our business.

While a reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to, as applicable, uncertainty in the timing, amount, valuation, and number of future employee equity awards, uncertainty in the timing, amount, and classification of future capital expenditures and intangible asset additions, uncertainty in the timing, frequency, and effect of impairments, and uncertainty in the timing, frequency, and effect of acquisitions and the significance of the resulting transaction-related expenses, we have provided a reconciliation of non-GAAP financial measures and other business metrics to the nearest comparable GAAP measures in the accompanying financial statement tables included in this press release.

We monitor operating measures of certain non-GAAP items including non-GAAP gross profit, non-GAAP gross margin, non-GAAP expense, non-GAAP net income, and non-GAAP net income per share attributable to common stockholders. These non-GAAP financial measures exclude the effect of stock-based compensation expense, amortization of intangible assets, impairments, and transaction related-expenses. Non-GAAP net income, non-GAAP net income attributable to common stockholders, and non-GAAP net income per share attributable to common stockholders also exclude certain income tax effects and adjustments. Our calculations of non-GAAP net income per share attributable to common stockholders utilize applicable GAAP share counts as included in the accompanying financial statement tables included in this press release. In addition, we evaluate our non-GAAP gross profit in relation to our revenue. We refer to this as non-GAAP gross profit margin and define it as non-GAAP gross profit divided by total revenue. We believe that these non-GAAP financial measures provide useful information about our operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to metrics used by our management in its financial and operational decision-making.

We define Adjusted EBITDA as net income (loss), adjusted to exclude: depreciation and amortization, impairments, stock-based compensation expense, transaction-related expenses, other income, net, and provision for (benefit from) income taxes.

In addition, we evaluate our Non-GAAP Adjusted EBITDA in relation to our revenue. We refer to this as Non-GAAP Adjusted EBITDA margin and define it as Non-GAAP Adjusted EBITDA divided by total revenue.

We have presented Adjusted EBITDA and Adjusted EBITDA margin because they are key measures used by our management and Board of Directors to understand and evaluate our operating performance, generate future operating plans, and make strategic decisions regarding the allocation of capital. We believe Adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by our management in its financial and operational decision making.

We define Free Cash Flow as cash flow from operations adjusted to include: purchases of property and equipment and capitalization of website development costs. We have presented Free Cash Flow because it is a measure of our financial performance that represents the cash that we are able to generate after expenditures required to maintain or expand our asset base.

We define a paying dealer as a dealer account with an active, paid marketplace subscription at the end of a defined period. The number of paying dealers we have is important to us and we believe it provides valuable information to investors because it is indicative of the value proposition of our marketplace products, as well as our sales and marketing success and opportunity, including our ability to retain paying dealers and develop new dealer relationships.

We define Quarterly Average Revenue per Subscribing Dealer ("QARSD"), which is measured at the end of a fiscal quarter, as the marketplace revenue primarily from subscriptions to our Listings packages, Real-time Performance Marketing, our digital advertising suite, and other digital add-on products during that trailing quarter divided by the average number of paying dealers in that marketplace during the quarter. We calculate the average number of paying dealers for a period by adding the number of paying dealers at the end of such period and the end of the prior period and dividing by two. This information is important to us, and we believe it provides useful information to investors, because we believe that our ability to grow QARSD is an indicator of the value proposition of our products and the return on investment that our paying dealers realize from our products. In addition, increases in QARSD, which we believe reflect the value of exposure to our engaged audience in relation to subscription cost, are driven in part by our ability to grow the volume of connections to our users and the quality of those connections, which result in increased opportunity to upsell package levels and cross-sell additional products to our paying dealers.

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 defined period. Transactions consists of each unique vehicle (based on vehicle identification number) that reaches "sold and invoiced" status on the CarOffer website within the defined 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. The Digital Wholesale segment includes the purchase and sale of vehicles between dealers, or Dealer-to-Dealer transactions, and Sell My Car - Instant Max Cash Offer transactions. We view Transactions as a key business metric, and we believe it provides useful information to investors, because it provides insight into growth and revenue for the Digital Wholesale segment. Transactions drive a significant portion of Digital Wholesale segment revenue. We believe growth in Transactions demonstrates consumer and dealer utilization and our market share penetration in the Digital Wholesale segment. Beginning in the second half of 2025 we expect Transactions to decrease due to the wind down of CarOffer, including the CarOffer Transactions Business, and cease over time.

Historically, we have used data from Google Analytics to measure two of our key business metrics: monthly unique users and monthly sessions. Effective July 1, 2024, GA4 replaced Google Analytics. The methodologies used in GA4 are different and not comparable to the methodologies used in Google Analytics. As discussed below, we also make certain adjustments to the GA4 data in order to improve the accuracy of the reported monthly unique users and monthly sessions. Due to the change in methodology, we are unable to provide comparable monthly unique user and monthly session information for prior periods, including any periods prior to June 30, 2024.

For each of our websites (excluding the CarOffer website), we define a monthly unique user as an individual who has visited any such website and taken a Visitor Action (as defined below) within a calendar month, based on data as measured by GA4. We calculate average monthly unique users as the sum of the monthly unique users of each of our websites in a defined period, divided by the number of months in that period. Effective July 1, 2024, we count a unique user the first time a computer or mobile device with a unique device identifier accesses any of our websites or application during a calendar month and takes an action on such website or in such application, such as performing a search, visiting vehicle detail pages, and connecting with a dealer ("Visitor Action"). If an individual accesses a website or application using a different device within a given month, the first Visitor Action taken by each such device is counted as a separate unique user. If an individual uses multiple browsers on a single device and/or clears their cookies and returns to our website or application and takes a Visitor Action within a calendar month, each such Visitor Action is counted as a separate unique user. We eliminate any duplicate unique users that may arise when users visit a webview within our native application. We view our average monthly unique users as a key indicator of the quality of our user experience, the effectiveness of our advertising and traffic acquisition, and the strength of our brand awareness. Measuring unique users is important to us and we believe it provides useful information to our investors because our marketplace revenue depends, in part, on our ability to provide dealers with connections to our users and exposure to our marketplace audience. We define connections as interactions between consumers and dealers on our marketplace through phone calls, email, managed text and chat, and clicks to access the dealer's website or map directions to the dealership.

We define monthly sessions as the number of distinct visits to our websites (excluding the CarOffer website) that include a Visitor Action that take place each month within a given time frame, as measured and defined by GA4. We calculate average monthly sessions as the sum of the monthly sessions in a defined period, divided by the number of months in that period. Effective July 1, 2024, a session is defined as beginning with the first Visitor Action from a computer or mobile device and ending at the earliest of when a user closes their browser window or after 30 minutes of inactivity. We eliminate any duplicate monthly sessions that may arise when users visit a webview within our native application. We believe that measuring the volume of sessions in a time period, when considered in conjunction with the number of unique users in that time period, is an important indicator to us of consumer satisfaction and engagement with our marketplace, and we believe it provides useful information to our investors because the more satisfied and engaged consumers we have, the more valuable our service is to dealers.

