



**CarGurus, Inc.**

**Fourth Quarter and Full Year 2025 Earnings Conference Call**

**February 19, 2026**

**C O R P O R A T E   P A R T I C I P A N T S**

**Kirndeeep Singh**, *Vice President and Head of Investor Relations*

**Jason Trevisan**, *Chief Executive Officer*

**Sam Zales**, *President and Chief Operating Officer*

**C O N F E R E N C E   C A L L   P A R T I C I P A N T S**

**Ralph Schackart**, *William Blair*

**Chris Pierce**, *Needham & Company*

**Naved Khan**, *B. Riley Securities*

**John Colantuoni**, *Jefferies*

**Brad Erickson**, *RBC Capital Markets*

**Andrew Boone**, *Citizens JMP Securities*

**Rajat Gupta**, *JPMorgan Chase & Co.*

**Jamesmichael Sherman-Lewis**, *Citi*

**Wyatt Swanson**, *D.A. Davidson*

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**Marvin Fong, BTIG**

## **PRESENTATION**

### **Operator**

Good day, and welcome to the CarGurus' Fourth Quarter and Full Year 2025 Earnings Conference Call.

Please note this event is being recorded.

I would now like to turn the call over to Kirndeeep Singh, Vice President and Head of Investment Relations. Please go ahead.

### **Kirndeeep Singh**

Good afternoon and thank you for joining us. With me on the call today are Jason Trevisan, Chief Executive Officer, and Sam Zales, President and Chief Operating Officer.

We will be making forward-looking statements which are based on our current expectations and beliefs. These statements are subject to risks and uncertainties and our actual results may differ materially. Information concerning those risks and uncertainties is discussed in our SEC filings. We undertake no obligation to update forward-looking statements except as required by law.

Please refer to our press release and our investor presentation on the Investor Relations section of our website for a reconciliation of GAAP to non-GAAP measures.

I'll now turn the call over to Jason.

### **Jason Trevisan**

Good afternoon, and thank you for joining us. 2025 was a pivotal year for CarGurus. We accelerated product innovation, expanding how we serve dealers and consumers as a marketplace, software and data company, drove significant growth and profitability, and returned capital through disciplined share repurchases.

Revenue from continuing operations grew 14% for the full year, our second consecutive year of mid-teens growth, and Adjusted EBITDA from continuing operations grew 25% year-over-year. Wallet share expanded, retention reached its highest level in three years, new dealer additions accelerated and consumer traffic growth translated into increased lead volume. Internationally, we delivered 27% year-over-year revenue growth, driven by accelerated dealer acquisition, wallet share expansion, and strong lead growth.

Our performance was supported by faster, more prolific AI-driven innovation, which increased product velocity and strengthened our differentiation among both dealers and consumers. We launched more new products in 2025 than in any prior year, embedding data and intelligence directly into dealer workflows and consumer decision-making. Key launches included dealer solutions like PriceVantage and New Car Exposure, and consumer features like CG Discover and Dealership Mode.

We continued bolstering our support of dealer workflows across inventory, marketing, conversion, and data. This product innovation further cements our role beyond lead generation into daily operating workflows, expanding our addressable market into adjacent software and data categories. Early traction validates demand, engagement and differentiation. Our consumer launches expanded our role across the shopping journey, from research through in-dealership decision-making and purchase, driving higher intent engagement and higher converting leads. Our broader portfolio of consumer functionality, combined with the largest inventory selection and a foundation of trust and transparency, reinforces our leadership position as the most visited automotive shopping platform in the U.S.

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We also executed with discipline. We made the prudent decision to wind down CarOffer, while retaining its sourcing technology and data to strengthen our inventory products. Those learnings have informed better pricing and inventory technology solutions that both drive high incremental margins and reinforce the value and performance of our marketplace.

Now I'll walk through our progress across our 2025 drivers of value creation. Driver number one, expanding our suite of data-driven solutions across dealers' workflows to help them drive more profitable businesses. In 2025, our most critical dealer metrics achieved impressive growth. Consolidated QARSD grew 8% year-over-year. Global paying dealer count increased by 2,399. Add-on product adoption rose nearly 25% year-over-year. Engagement and platform usage grew and retention strengthened.

Underpinning the products and intelligence we deliver to dealers is a growing body of data that we're translating into higher fidelity insights through AI. On average, last year we ingested approximately half a billion first-party shopper signals each day, translating them into real-time consumer demand, pricing and inventory insights our dealer customers are leveraging for measurably improved performance. In 2025, dealer data-insights became central to dealer workflow, with 60% of global paying dealers using these insights across their operations. What began as validation of the value dealers ascribe to our data is now embedded in how they make more profitable data-driven decisions.

Building on this foundation, we launched PriceVantage in October, our first specialized software product designed to move dealers from passive data consumption to action-oriented pricing decisions. Early results demonstrated accelerating inventory turnover and increasing VDP views. Engagement has been strong, with nearly 80% of adopting dealers active weekly on the PriceVantage suite of products. Compared with their prior usage of our free pricing tool, PriceVantage users execute 66% more price changes and log more sessions per day, all clear indicators of deeper reliance on data-driven pricing workflows.

Collectively, these efforts embed CarGurus more deeply into dealer operations and decision-making, driving stronger adoption, more consistent action and clearer evidence that our intelligence-led solutions improve efficiency and profitability.

Driver number two, meeting the evolving needs of car shoppers by powering a more intelligent and seamless journey. In 2025, we strengthened the consumer side of our marketplace by increasing our reach and the quality of shopper engagement. Traffic grew faster than our primary competitors' year-over-year, reinforcing our position as the number one most visited automotive marketplace. Nearly half of monthly visitors shopped exclusively on CarGurus, indicating a high degree of reliance on the platform. That behavior translated into results, fueled by lead growth. In the U.S., CarGurus-led sales grew year-over-year, and according to a 2025 Clarivoy study, CarGurus influenced 55% of all attributed vehicle sales. We believe that scale and influence create a stronger foundation to introduce new consumer experiences that deepen engagement and generate richer signals.

Our generative AI search experience, CG Discover continued to scale. Unlike other tools that simply repackage search results, Discover responds in real-time and acts as the decisioning co-pilot, using live marketplace inventory, deep automotive expertise and demand signals to quickly and flexibly answer consumer requests. Discover traffic grew 3.5x and leads grew 10x quarter-over-quarter. Depth of engagement also strengthened, with average session time up nearly 20%, and Discover users spending 4.4 times more time than regular visitors. Each interaction generates richer demand and pricing signals, strengthening our data and intelligence layer.

We also extended our trusted user support into later stages of the purchase process. CarGurus was the number one car shopping app in 2025 by downloads, monthly active users and time spent, giving us scale at the point of purchase. Dealership Mode, now live across all consumer app users, moves our role beyond discovery and further into the transaction funnel by assisting consumers on dealer lots. In just the first few months, thousands of shoppers on average opened Dealership Mode on dealer lots each day. 80% of app users who visit a dealership lot have not submitted a lead in advance. That means four out of five high-

intent shoppers using our app on dealer lots are not yet attributable to us. We believe that Dealership Mode creates a clear opportunity to increase pre-visit lead submissions and drive measurable traffic to dealers.

These investments deliver greater transparency and broader support to consumers for a more seamless shopping experience. We enter 2026 with a more differentiated consumer experience and a stronger foundation to meet shoppers where they are in their journey.

Driver number three, enabling dealers and consumers to complete more of the transaction online, streamlining the final steps of the deal. We scaled Digital Deal to 13,500 dealers globally, adding nearly 3,800 dealers year-over-year. This growth reflects growing consumer demand for, and dealer reliance on, workflows that move more of the transaction online and generate higher intent prospects. We embedded high-value transactional capabilities earlier in the shopping journey, including expanded financing, trade-ins, deposits, and appointments.

Digital Deal leads with high-value actions increased 78% year-over-year in 2025 and represented approximately 70% of Digital Deal leads, while financing-related leads grew 86% year-over-year, reflecting deeper shopper progression into the transaction and stronger purchase intent. Overall, Digital Deal leads convert up to 4.7 times higher than standard marketplace leads, with even greater lift for shoppers located farther from the dealership, delivering higher quality and higher converting shoppers to dealers.

Collectively, these changes are shifting more of the transaction online while preserving the in-person experience that the vast majority of consumers still want. While 86% of buyers ultimately see the car in person, 83% say they want to complete more of the shopping process from home, according to our 2025 Consumer Insights Report. By meeting that demand, we improve consumer engagement and offer more transaction support for dealers. That's especially important given the nature of the car buying journey, which remains a high consideration decision and often the second largest purchase a consumer makes in their lifetime.

Shoppers want to research and compare options, understand pricing, availability, and trade-offs, and still negotiate price and test drive vehicles in person before committing. Confidence and trust matter at every step of the journey. That reality continues to shape how we invest in our platform, brand and own channels, and how we show up as discovery paths evolve.

Following the performance of the 2025 Big Deal campaign, we are extending the campaign into 2026 with product-led spots highlighting Dealership Mode and CG Discover. We believe these experiences bring clarity and confidence to the car shopping process and reinforce the trust consumers place in CarGurus as the number one most visited automotive marketplace. We expanded our impressions by 50% year-over-year, and direct and owned channels are our fastest growing traffic sources, with direct visits up 16% year-over-year, and the app contributing 34% of leads.

We're also leading automotive marketplace competitors in the emerging AI-driven discovery landscape. While AI remains a small share of overall traffic today, in Q4, CarGurus generated more AI-driven traffic than our closest competitors, and these users converted higher rates, submitting leads at nearly 50% higher rates than traditional SEO in Q4.

To date, AI traffic has been additive to our overall acquisition mix, increasing visibility rather than displacing existing channels. AI is reshaping discovery across many categories. In automotive, the shift has been more measured. However, we are not waiting for it to accelerate. We are expanding AI-driven traffic across both paid and non-paid channels. On the paid side, we've been early adopters of new AI-powered tools with Google, Bing, and Meta with promising initial performance results. We plan to test emerging AI search ad formats, including those introduced by OpenAI as they become available.

On the non-paid side, we have strengthened and will continue to evolve technical platform best practices and scaling proprietary content so it is discoverable across LLM environments, not just traditional organic

search. We believe our depth of experience and success in audience acquisition across many channels, combined with a disciplined test and learn approach, positions us well as this landscape evolves.

While AI may shape how shoppers begin their journey, it does not change what they need in a major purchase, clarity and confidence. Even when journeys start in AI environments, consumers still come to CarGurus to validate listings, confirm availability and make data-driven decisions.

As discovery paths evolve, platforms with the deepest inventory, broadest dealer coverage, most comprehensive retail data and highest ROI will be best positioned to remain central to the transaction. We believe our market leadership, data depth and dealer integrations position us to continue serving that role.

Stepping back, 2025 was an outstanding year for CarGurus. We delivered strong financial results while deepening dealer and consumer reliance on our products across more steps in the car buying and selling process. More decisions are informed by our data and AI, more workflows run through our platform and more of the car shopping journey now takes place with CarGurus involved.

It was also a year of strong product innovation. The many products we launched in 2025 have shown promising signs of engagement and scaling, giving us confidence in our investments and new product innovation. For example, we expect the monetized dealer products we launched in 2025 to grow approximately 15x in 2026 and achieve eight-figure revenue levels and exciting exit rates.

Entering 2026, our platform is firmly embedded in dealer operations and now serves a larger TAM than a year ago. With disciplined execution, continued investment in AI-driven innovation and proven products to support both our customers, our focus remains straightforward. We intend to execute with rigor, build products to strengthen the dealer workflow and consumer journey while further differentiating CarGurus.

Before turning to our results, I want to address two reporting updates. First, we completed the CarOffer wind-down in the fourth quarter of 2025. We have presented CarOffer's financial results as discontinued operations in our consolidated financial statements for all periods presented, except for the statements of comprehensive income, redeemable non-controlling interest and stockholders' equity and cash flows. Unless indicated, the fourth quarter and full year 2025 results we will be discussing on this call relate to our continuing operations. Second, beginning in the fourth quarter of 2025, we report our financial results as a single segment following the CarOffer wind-down.

Now let me walk through our financial results, followed by our guidance for the first quarter and full year 2026. Fourth quarter revenue grew 15% year-over-year to \$241 million at the high end of our guidance range, driven by strength in our subscription-based listings revenue, as well as overperformance in advertising and strength in our international business. Full year 2025 revenue was \$907 million, up 14% year-over-year, our second straight year of mid-teens revenue growth. In the fourth quarter, U.S. QARSD grew 8% year-over-year, and we added 1,357 paying U.S. dealers year-over-year.

We continue to expand our dealer base while taking greater wallet share, driven primarily by upgrades and broader adoption of add-on products, with modest contribution from like-for-like price increases and higher lead quantity and quality.

Robust revenue growth continued in our international business, with fourth quarter revenue up 32% year-over-year, and full year revenue up 27% year-over-year, driven by new dealer adds along with a modest tailwind from favorable FX.

International QARSD grew 16% year-over-year in the fourth quarter. International dealer count growth surged 14% year-over-year to 8,360 dealers.

I will now discuss our profitability and expenses on a non-GAAP basis. Fourth quarter and full year non-GAAP gross profit was \$223 million and \$842 million respectively, representing 14% year-over-year growth

in each period. Fourth quarter non-GAAP gross margin was 92%, down about 90 basis points year-over-year. For the full year, non-GAAP gross margin increased by about 40 basis points to 93%.

Fourth quarter non-GAAP Adjusted EBITDA grew 13% year-over-year to \$88 million, above the midpoint of our fourth quarter guidance range. Adjusted EBITDA margin was about 60 basis points lower year-over-year at 37%. Full year 2025 non-GAAP Adjusted EBITDA grew 25% year-over-year to \$319 million, and Adjusted EBITDA margin rose by approximately 310 basis points year-over-year to 35%. Fourth quarter and full year non-GAAP operating expenses totaled \$141 million and \$547 million, up 15% and 10% year-over-year, respectively. The increase in the fourth quarter reflected higher sales and marketing expense and investment in new product innovation, as mentioned earlier.

As a result of the CarOffer wind-down, we incurred and paid \$13.3 million in expenditures, of which we incurred and paid \$5.4 million in one-time cash restructuring charges attributable to discontinued operations. This was at the low end of our previous \$13 million to \$15 million wind-down estimate.

Fourth quarter and full year GAAP net income per diluted share attributable to common stockholders was \$0.56 and \$1.96, up 24% and 62% year-over-year, respectively. From 2023 to 2025, this measure has grown at a 56% two-year CAGR. Fourth quarter and full year non-GAAP net income per diluted share attributable to common stockholders was \$0.63 and \$2.28, up 17% and 31% year-over-year, respectively.

We ended the year with \$191 million in cash and cash equivalents, an increase of \$12 million from the end of the third quarter, primarily driven by higher Adjusted EBITDA, partly offset by \$57 million in share repurchases in the quarter. In 2025, we repurchased about \$350 million in shares, completing our 2025 share repurchase program. Since the fourth quarter of 2022, we have repurchased about \$721 million in shares, or about 25% of our outstanding shares. Additionally, I'm pleased to share that our Board has authorized a new \$250 million share repurchase program, which will be available through December 31, 2026, highlighting our commitment to return value to shareholders.

I will now turn to our guidance for the first quarter and full year 2026. We expect our first quarter revenue to be in the range of \$240.5 million to \$245.5 million, up between 13% and 16% year-over-year, respectively. For the first quarter, we expect our non-GAAP Adjusted EBITDA to be in the range of \$72 million to \$80 million, up between 5% and 16% year-over-year, respectively. As a reminder, our guide reflects our continuing operations absorbing approximately \$1 million in ongoing quarterly CarOffer expenses following the wind-down.

We expect first quarter non-GAAP earnings per share to be in the range of \$0.52 to \$0.58, and diluted weighted average common shares outstanding to be approximately \$94 million.

Turning to the full year. We expect 2026 revenue to grow in the range of 10% to 13% year-over-year. We expect full-year non-GAAP Adjusted EBITDA margins to compress approximately 1.5 percentage points to 2.5 percentage points in 2026 relative to 2025. We believe that the Adjusted EBITDA margin implied by the midpoint of first quarter guidance is a reasonable proxy for the first three quarters of the year, with fourth quarter margins expected to be higher due to seasonality. This reflects increased investment in product, technology, and development as we plan to continue our accelerated pace of AI product introductions for both dealers and consumers.

With that, let's open the call for Q&A.

### **Operator**

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys. We also ask that

each person in the queue to please limit themselves to only one question and one follow-up to allow everyone a chance. One moment, please, while we poll for questions.

Our first question comes from the line of Ralph Schackart with William Blair. Please proceed with your question.

**Ralph Schackart**

Good evening. Thanks for taking the question. Jason, with the strong guide outlook of, I think, 10% to 13%, maybe talk about sort of the visibility or durability of that growth rate. I think that's sort of a key investor question, sustaining these high growth rates in the marketplace business. Then maybe if you could add some perspective as you layer on new products with this reinvestment cycle that you'll go through in 2026, maybe provide some perspective on how those new products should be additive to growth over the long term. Thank you.

**Jason Trevisan**

Sure. Hey, Ralph. The strong growth, as you described it, is a function of a lot of things. I would say at the beginning, or sort of at the core, it's a function of the fact that on our two growth levers of QARSD and new dealers across all our markets. Globally, we have good visibility; we have no customer concentration. We can look at the levers, and we have a number of levers that we have been executing really well on that have continued to drive QARSD and are also now driving pretty consistent and nice dealer adds. Whether it's new products or upsells or growing lead volume and quality growing connections, you heard us talk about how Dealership Mode is now showing dealers that we're sending them even more consumers that were not submitting leads.

Sort of at the core, our value prop just continues to strengthen, and it also strengthens in absolute terms. It also strengthens in relative terms compared to our competitors who are not growing at those rates. But then on top of that, we also have new products. We mentioned a couple, and we called out some of the products that were launched in 2025 and gave some perspective and parameters around how those were going to contribute. But we also have a number of products before we even get to that that have continued to grow and differentiate us, some of which we monetize, but many of which we don't.

But what they do is they drive retention, and they drive engagement, and that allows us to grow our dealer base and have more pricing power. All of that is healthy and strong, and between U.S. and international, we have long runways in both those areas.

In terms of new products, the big thing for us is moving into software and data across the dealer workflow verticals of inventory, conversion, and data in addition to marketing. That's opening up—that's about doubling our TAM. You heard us, hopefully from our remarks, you gleaned the fact that while they start small, they're growing quickly, and they're showing really strong engagement. One of the levers of QARSD is new products, and that has continued to strengthen as a lever for us. As we invest more in technology and product, we see that as a nice long-term lever for us.

**Ralph Schackart**

Great. Thanks, Jason.

**Operator**

Thank you. Our next question comes from the line of Chris Pierce with Needham & Company. Please proceed with your question.

**Chris Pierce**

Hey, good afternoon. I know you had some stats in there about new products and eight-figures, but I just want to understand, is PriceVantage part of the full year revenue guide, or is that still such a small portion? I just want to understand if the new TAM is in the revenue guide or something that is further down the road, or what's the best way to think about it?

**Jason Trevisan**

Yes, no, it's certainly part of it, because we've launched it and so in our operating plan. New Car Exposure was also launched in '25, so that's also included, and that's part of our marketing vertical. The new TAM that we talk about the doubling is in the non-marketing verticals, and we're obviously just scratching the surface of it. But we think there's huge potential, because again, as a reminder, all of the products that we build in those areas are reinforced by and reinforce our marketplace.

It's not like, with PriceVantage, we're not just another startup offering a pricing tool to dealers. We're—and it's obviously established, but we're a company that has a relationship with the dealer who's coming to them and saying, we have the most data, we have the most intelligence, here's pricing software, and here's what it will do to your performance on our marketplace. Nobody else can say that. As the largest marketplace, that carries a lot of weight. The same applies with conversion, the same applies with data.

**Chris Pierce**

Okay, and then just as a follow-up, how should we think about this new margin range? Is this a year of investment specifically as you land in this new TAM, and kind of want to have momentum and new product as you kind of try to penetrate this new TAM, or is this sort of a new normal, and we should think about you guys consistently kind of wanting to plow money back into the business to leverage your leadership position?

**Jason Trevisan**

I don't know if it's binary. I think we absolutely want to do the latter that you said, we want to continue investing in product. In marketplace models—it tends to be a winner take most. Scale matters, scale helps—a deeper, broader platform drives stickiness and engagement. We're not in it to—and I know you didn't say this—we're not in it to milk for margin. We're in it to sustain long-term growth and drive healthy margins.

The comment, or the guide rather on '26 and the range, that's specifically not guiding beyond that, that's not saying it's a new normal, nor is it saying it's one time. But I would say that the most helpful perspective maybe to hear from us on it is we're trying to optimize for long-term growth, customer stickiness, and a healthy margin business.

If you want to look at Rule of 40 type metrics, we're performing well there the last couple of years, and expect to next year as well, this year as well.

**Chris Pierce**

Okay, thank you.

**Operator**

Thank you. Our next question comes from the line of Naved Khan with B. Riley Securities. Please proceed with your question. Naved, you might be on mute. Thank you.

**Naved Khan**

Thank you. Yes, I had a question on the margin outlook for 2026, and I get your thinking behind investing for growth even as you deliver on a Rule of 40 or higher than that. But curious, in terms of the areas you're

going to invest in between product and marketing, is it going to be more skewed towards marketing? Maybe within that, you kind of mentioned about investing in paid agent channels. Is that a part of it? How should we expect that expense to grow?

Then the second question I have is just around the PriceVantage. Can you remind us on the pricing for this product? If you're kind of marketing it, is it in a tier, in a higher tier, or is this a separate add-on? What's the recent, what's the latest kind of uptake on this?

### **Jason Trevisan**

Sure. In terms of where we're investing, some of this will be a repeat from last quarter. But in 2025, a lot of our investment growth, let's say, was around sales and marketing and account management. As we look at '26, and even in the back half of '25 in our marketplace business, but into '26, we are investing much more behind the momentum in building new products. That's coming in the form of investing more in product technology and development. We are—and I'll come back to that in a second, that's sort of bucket one. In '26, bucket two is international, and bucket three is account management.

Really focusing on the first bucket, though, we have become much more prolific in introducing new products. We have gotten a lot of efficiency from AI. We're taking that efficiency and translating it into productivity. If you think about the fact that we are moving from not only introducing products and marketing, but moving into entire other verticals at the dealer, inventory conversion, how they convert the leads that we send them, and the customers that we send them, and then market and data intelligence, we're standing up new software products and new data products, and we're going into new areas of the dealer.

That is not a small lift that to compete well there, you have to build robust products. It's a very product growth-driven mindset that we have, and early measurement is through adoption and engagement and then pretty rapidly it's through things like retention and revenue. In terms of PriceVantage price point, we haven't given specifics on it. What we've shared last quarter is still what we're sharing now, which is we're testing different price points. It is sold à la carte to your second part of your question, and so it's not bundled in. It is a separate price point product.

You do need to be a marketplace customer to get it, but it's sold à la carte. You also mentioned paid AI LLM-based marketing. Well, AI-sourced audience is still very small for us. We are positioned the best there by third-party measurement, so we're there as that channel grows. But most of them don't have paid models yet, and virtually all of the traffic that we're getting from LLMs today is organic traffic.

### **Naved Khan**

Thank you, Jason.

### **Operator**

Thank you. Our next question comes from the line of John Colantuoni with Jefferies. Please proceed with your question.

### **John Colantuoni**

Great. Thanks for taking my questions. I have two. First, when thinking about your outlook for revenue for the quarter and the year, can you talk to your expectations for the relative contribution of dealer count and QARSD? Second, I believe you mentioned that retention reached a three-year high. Can you talk about what's helped drive improved dealer satisfaction, and how does that elevated retention fit into your outlook for customer gains and monetization? Thanks.

### **Jason Trevisan**

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Sure. I'll start, John, and then Sam will talk about the retention piece. We don't break out the revenue outlook between QARSD and rooftops. I think if you look at the last couple of years, you'll see pretty consistent trends. What I will say is what we've talked about quite a bit in the past is the relation—and you can see this in our Investor deck, the relationship between those two metrics. When we grow rooftops more quickly that has a dampening effect on QARSD. Even if all of the underlying levers of QARSD are just as strong as they otherwise would have been.

We obviously have a lot of models and benchmarks and internal metrics that look at those two metrics, but from an external perspective, we optimize to, and communicate about MRR, monthly recurring revenue, and then actual revenue. Sam, do you want to talk? Yes, and as part of all of that, retention is a key ingredient. One of the best ways to grow rooftops is to retain as much of your installed base as you can, and so Sam will talk about some of those factors.

### **Sam Zales**

Thanks, John, for the question. Really proud of that retention. You know that our focus with our sales and account management teams is new business, growth from the existing base, and then retention. It's all part of what we call net monthly recurring revenue. It's happening because, number one, the ROI is clear to our customers. When you look at lead growth, both quantity and quality, we're in an advantaged position and we are producing a tremendous set of results, and we've seen lead growth in both our global markets, U.S. and Canadian and U.K. markets have been phenomenal.

We've added, as Jason said, this account management function. What we've done specifically in that one is added this Dealer Performance Partner Group. What they do is come from an industry background. They're retail professionals who join the CarGurus team and then go in and share best practices across our leading national providers all the way down to best practices at a small independent dealer. That kind of investment has made massive changes to the lead management practices our dealers are following, and they're in turn growing their close rates even further than where they were previously. Then finally, you embed in that the new software and data tools we're providing, and you suddenly become a profit maximization engine for our dealers.

You look at that and say, as dealers have said, PriceVantage is advantaged in the marketplace because you are, number one, in consumer demand signals for me, and number two, you have more inventory in your sites. You can help me price to maximize my profitability. That plus the data we're providing in Dealer Data insights literally makes you a part of the operating system at dealerships, and I think that's the biggest reason you're seeing us today with the record retention of our customer base.

### **John Colantuoni**

Great. Thank you.

### **Operator**

Thank you. Our next question comes from the line of Brad Erickson with RBC Capital Markets. Please proceed with your question.

### **Brad Erickson**

Hey, guys. Thanks. Two for me. One, when you think about kind of the content provided to the LLMs, your content I mean, how should we think about kind of the moat there and maintaining the direct relationship with the customer just philosophically? Then second, the monthly uniques in the U.S. have really inflected kind of in the past three or so quarters versus '24 that was maybe a little bit more flattish, plus or minus. Can you share just kind of what's been driving that higher growth here in the monthly uniques in the U.S.? Thanks.

**Jason Trevisan**

Sure, Brad. It's Jason. I'll take the content to the LLMs. LLMs are a new form of search, obviously, but at the end of the day, they are a form of search which is not—sort of structured behaviorally, it's very different from traditional search, but structurally, it's not very different from traditional search. Consumers are looking for guidance. They're looking for direction. They're looking for answers. It's a question of can the search engine provide a sufficient enough answer for them to take the next action they need to, or do they need to go to a specialist?

Ultimately, we are seeing, and we feel and see from our research, but we're seeing in the ultimate data as well that a small but growing percent of consumers are starting at the LLMs, and they are using that as a starting point, and then they are coming to us to gain the confidence and the trust and the validation and the context and the workflow that they need in order to go through the shopping journey. We are taking an approach which is we want to make sure we're positioned well there because it's clearly a growing channel. We are sharing our data with LLMs in a controlled way. We're giving them access to certain data, not all data. We are helping them to create a good experience for the consumer because we have the most data in the industry, and we're able to give them the sort of keys to that content or which content we decide to give to them. But then the experience that they get there is a fraction of what they get on our site.

We're very conscious about the totality of the consumer experience, which is not a one and done. Typically, this is a multi-month experience for consumers. It's about the data, but it's also about the experience and the context. Just as we're a company that's now about 20 years old, and we've adapted through many iterations and technologies, and each one's unique, and AI is certainly unique, but as it's gone from SEO to SEM and social has risen and video has risen and app has grown and phone and email and text and chat and mobile versus web, we've adapted through all of that and continue to deliver a really good service.

In terms of traffic trends, Sam, do you want to talk about it and I can add if helpful?

**Sam Zales**

Yes, sure. Brad, thanks for the question. We're really proud of two aspects that are driving that kind of traffic growth for our business. The first is the consumer experience and continuing to invest in that, particularly with AI at the center of that. Number two is broadening our reach to consumers in different elements of their purchase cycle. Moving back to research and decision making, as well as the purchase process, as you've seen with products we've launched and our brand campaigns taking us there. I'm really proud of the Big Deal campaign.

We just announced this week that we launched our newest Big Deal campaign for TV and online and social advertising. You're seeing more from us on that and that highlights Discover, as Jason talked about, our AI-driven, very differentiated conversational search tool, as well as Dealership Mode, which we talked about as well. I think the two things you're seeing from that are, one, app downloads and monthly active users and traffic and leads coming from that for us as a very important own channel for us, really important that that comes directly to us.

Number two is our direct traffic up 16% because those brand campaigns have reached a broader audience in the marketplace and then taking them down through Discover or Dealership Mode on their app and making them real live purchasing customers for our dealers to see with full attribution. We're really proud of that growth.

**Brad Erickson**

Helpful. Thanks, guys.

**Operator**

Thank you. Our next question comes from the line of Andrew Boone with Citizens Bank. Please proceed with your question.

**Andrew Boone**

Thanks so much for taking the question. I'd like to follow up on the last question. What I'm trying to get at is the proprietary information that's available to you guys. As I think about certainly franchise dealers, but I really want you to focus on kind of the independents. Can you talk about the long tail of what may be available to CarGurus that won't be able to be scraped or picked up by an agent in the future that really does make your information proprietary rather than what could be built by an LLM in the future?

Then as I think about your own AI products and AI consumer mode with Discover, can you help us understand whether that's improving conversion or how does it actually change the consumer action on the site as it relates to improving financials or leads or whatever you want to highlight? Thank you.

**Jason Trevisan**

Sure. The second part of your question was specific to Discover. Is that right, Andrew?

**Andrew Boone**

Yes, sir.

**Jason Trevisan**

Yes. Okay. On the first part, and I mean, we can talk in terms of indy dealers, but I think it's a pretty similar answer to both. I would first start with, we have really deep relationships with over half the market of dealers and we have relationships with tens of millions and are visited by tens of millions of consumers every month and we have a relationship with them and both sides of that marketplace, if you will, have trust in us and have history with us. Yes, the data may be the keys to the kingdom, but there's also all of the infrastructure that goes around it in the form of relationships.

In terms of getting more tactical, we have a—that has been crafted over many, many years, an understanding of what the consumer wants to know and needs to know in shopping for a car. We have brought that to an experience that includes things like IMV and a dealer rating, and understanding collaborative filtering and what other shoppers have shopped for. We have personalization that creates a good sort order, the most relevant sort order for a consumer. We have data that we're catering to dealers who are using that data to perform their businesses better.

From an actual data perspective, I would say it's like a system of competitive advantages that it's when you bring it all together that it really starts to sing. Then we could also choose, and a number of marketplaces are choosing this too, we could choose to cut off access to certain parts of our data. We may do that. This is obviously an extremely dynamic environment right now. We're watching things every day as to how to approach it.

But I think of it as there's both sides of relationship, there's trust, and there's the totality of the workflow and the context. Then maybe it might be these custom indices that we've done like IMV and deal rating, but it's the belief in those. You are increasingly hearing that somebody can build an agent, or there may be an agent that goes and performs a task or get some information. But if there isn't trust in that and an ability to verify and validate, then it's not that useful.

For purchases considered as big as this, a consumer absolutely needs that trust and confidence. For Discover, and this is, I think, another worthwhile angle to mention, which is like, we're also not sort of sitting on our hands here, ignoring AI in our own products while the world develops quickly on AI. Discover is a good example of that; Dealership Mode is a good example of that.

I would say that the key things that Discover is doing is number one, it's getting us access to a higher funnel customer. Historically, if you didn't know what type of car you wanted, we really weren't that useful to you. We would send you to some filters and it would be a clunky search experience. Now we're able to be extremely useful to people that don't know what type of car they want, that may not even know the make, model, trim, ontology at all. We can help them find that. That's number one.

Number two is we are helping them get to a better answer for what they're looking for. That's because it's conversational and it's colloquial, and it has memory and is personalized and is not confined to the filters and the ontological structure. It allows people to ask for things like larger wheels or shinier hubcaps that the filter didn't exist for, that they can now get to. Number two is it helps them get to a better answer.

Number three is it engages them more. We're seeing multiple interactions. I think that ultimately leads to them having more confidence when they then connect with a dealer. Adoption is growing. Traffic grew three and a half times. Leads were up 10x quarter-over-quarter. Clearly we're finding an audience for it and they're finding engagement. Then we're closely watching how those leads convert once they get to the dealer. But like a lot of things in our business, we have found that the more information you give a consumer, the more qualified they become as a lead.

### **Andrew Boone**

Thank you.

### **Operator**

Thank you. Our next question comes from the line of Rajat Gupta with JPMorgan. Please proceed with your question.

### **Rajat Gupta**

Hi, thanks for taking the question. I just had a couple of quick ones. You mentioned earlier, Jason that the industry is consolidating towards fewer providers over time. I'm curious if you can give us any update on that—how that trend has progressed. Has that accelerated in any meaningful way recently? What are you baking in your outlook in terms of that shift in the industry? Love to hear your thoughts and have a quick follow-up.

### **Jason Trevisan**

Rajat, consolidating among...

### **Rajat Gupta**

The dealers are consolidating towards fewer marketplace options.

### **Jason Trevisan**

Yes. The stats that we've given, which may be a couple quarters dated now, is that it used to be dealers on average would subscribe to three-plus marketplaces. That now is down to sub-two. I think it was 1.8 or 1.7. That's like a self reported, dealers are sharing that. You'll also hear dealers, when you talk to them, they will talk about the need to streamline their partners and their vendors. That's across many areas of their business, not just consumer marketplaces. That's sort of another way to triangulate into the theme or the trend anyway.

You just look at the spend and the wallet share and where the wallet share is going. We have continued to outpace market growth, which means we're gaining share. I do think there's growth in the market,

penetration of digital marketing among dealers relative to offline or traditional marketing continues to grow. I think we're in a growing market for sure, but we're certainly not in a 14%, 15% growth market. We're definitely taking share there.

I also think, especially over the last year to two years, our pace of innovation has accelerated and that's creating a better and better consumer experience, as evidenced by Discover, Dealership Mode, a number of things, and that continues to grow our leadership position.

**Rajat Gupta**

Understood. A quick follow-up, we were at NADA, we have a lot of new and upcoming DMS providers, cloud-based, and also the legacy ones, moving from single-tenant to multi-tenant. I'm curious, is any of this helping with this consolidation, making it easier for you to penetrate just given you have a little more advanced tools and tech internally? I'm curious if any of that is driving this market share shift at all. Thanks.

**Jason Trevisan**

I don't think a proliferation of startups is driving it—is driving acceleration consolidation. I would say that we have—among the many things that have accelerated recently, one area is integration with other technology providers. That's both been a push and a pull. We've been pulled to them by them seeking our data, knowing that we're the largest marketplace. We've been pushed to them by dealers who say, I love CarGurus. I use your data all the time. I love XYZ other provider. I really wish you two would work together. Through partnerships and integration, we are becoming more intertwined with the leading providers or the providers of the future, which is a service to our customers.

**Rajat Gupta**

Understood. Great. Thanks for all the color and good luck.

**Jason Trevisan**

Thanks.

**Operator**

Thank you. Our next questions come from the line of Ron Josey with Citigroup. Please proceed with your question.

**Jamesmichael Sherman-Lewis**

Good afternoon. This is Jamesmichael Sherman-Lewis on for Ron. Thank you for taking my questions. Two, if I may. First, great to see the traction with DDI and PriceVantage in the eight-figure revenue level target for monetized dealer products. But at a higher level, how are you balancing monetizing these newer analytics via subscriptions versus passing on greater value to dealers, particularly as we think about newer offerings like the instant market value model coming online soon. Then I have a follow-up.

**Jason Trevisan**

Yes, that is a very—we could talk for hours about that. There's not a simple answer. What I would say is that as our data grows—but as the uses of our data grows in the form of DDI, which would be more insights and intelligence in the form of products and informing products like PriceVantage, we are having to get certainly more sophisticated and think more broadly about how to price package, bundle, deliver, take to market, on board, etc., our customers, which is why we've invested in account management, by the way. There's not a silver bullet. There's not even really a single formula for when to bundle, when to offer freemium, when to give away, when to charge à la carte.

But what we're trying to do is really we're just trying to grow engagement because what we've shown is as dealers engage more with our products, they perform better on our platform. It's us doing some art and science every day, every month as we're rolling out products to look at what are the behaviors and what do we think is going to drive long term engagement.

**Jamesmichael Sherman-Lewis**

Great. Appreciate the color. My follow up, I know we've hit on the margin trajectory a few times on this call, but could you any more color on relative investment intensity across product offerings, brand investments, international expansion or other areas? Any way to rank order the magnitude here or where you might lean in more this year?

**Jason Trevisan**

It's what I said before that number one is in product and tech, number two, international, number three, account management.

**Jamesmichael Sherman-Lewis**

Thank you.

**Operator**

Thank you. Our next question comes from the line of Tom White with D.A. Davidson. Please proceed with your question.

**Wyatt Swanson**

Hey, this is Wyatt on for Tom. Thanks for taking our questions. I'd like to hear more about international ambitions over the course of 2026, given that you're the number three, four player in your international markets. What are you doing this year to continue grabbing share from your competitors internationally? Thanks.

**Sam Zales**

Thanks, Wyatt. It's Sam. I'll take the call. Not three or four. We're number two and fast gaining on number one. Sorry to give that specificity. These were businesses that if you haven't heard of it before, they were small, slow growing and unprofitable, and now they're sizable, fast growing and profitable. That's happening because we are driving tremendous lead growth and lead quality. We're ranked number one by our dealers in ROI in those markets against all of the other players that have existed.

We're actually coming up on our 10-year anniversary in both markets, Canada and the U.K., very proud of what we've accomplished over those years. I think what you've seen in both the dealer adds in international and the QARSD growth is a combination multiplier effect that says there is a market out there for many of these dealers, if not all of them to say, and these are the calls I'm fielding day to day. We want to diversify our spend from the partner who we worked with in the early years, who's the largest player in the market, and it's not being effective for us anymore.

We don't like some of the things that have happened in those markets. You may have read about the U.K.'s fourth quarter initiatives that one of our competitors made to try to force products to our dealers and price increases that led them to say, we're going to move over to other players in the marketplace. We'd like to look at the player that gives us more ROI. It's opened up many more of those conversations for net dealer adds and the growth in our QARSD. I think you don't get 27% growth in an international market in the fourth quarter without that kind of momentum. We feel very strongly about it.

Jason just mentioned that it's the second biggest area of investment for our business. We're differentiating. Think about the products we're bringing to market here in the U.S. with Discover and Dealership Mode. Those are differentiators for consumers and dealers that our competitors have not built. Our thought is we will hope to build a product roadmap that's similar to the one we built here and then bring it to international markets. That's the roadmap for us. Thank you for asking. We're really excited about the growth and the potential.

**Wyatt Swanson**

Got it. Yes, that's fair. That's really helpful. Thanks. On the topic of international, could you maybe quantify the EBITDA drag related to international expansion that's reflected in the margin outlook for the full year? Thanks.

**Jason Trevisan**

Yes, we don't break it out. As Sam mentioned there, we're one segment now. As Sam mentioned they're high growth, profitable businesses. The stats you heard in the script on Q4 give a good sense of the growth. That's the extent of the detail we can give.

**Wyatt Swanson**

All right. Yes, totally fair. Thanks.

**Operator**

Thank you. Our next question comes from the line of Joseph Spak with UBS. Please proceed with your question.

**Alejandro Nuno**

Hi, good evening. It's Alejandro on for Joe. Maybe could you help us sort of disaggregate the QARSD growth for the year for pricing versus the addition of new products and how that's compared to sort of a year prior?

**Jason Trevisan**

'25 versus '24? Actually, it doesn't—yes. Pricing is toward the bottom. Unit pricing is one of the weakest levers or one of the least strong levers because we don't pull it very hard, frankly. Up-leveling is number one, upgrades rather. Adoption of add-on products is number two. Then the bottom half are price increases and lead quantity and lead quality. Then there's a number of things that we continue to add to the products that are free, which support these things like listing upgrades and even price increases, I suppose. It's not like we're trying to squeeze water from a stone. We're actually putting more value in the product to drive those.

**Alejandro Nuno**

Understood. Then maybe just as a follow-up, given the higher level of investments that you're expecting, how should we think about the capital allocation repurchases going forward?

**Jason Trevisan**

How should you think about the stock repurchases, you said?

**Alejandro Nuno**

Correct.

**Jason Trevisan**

Well, the high investments going forward, we gave a sense of what our margins would be. I think if you looked at our margins, EBITDA margins are still extremely strong compared to benchmarks. If you look at our investment in things like technology and R&D, we're also right in line. I guess high is a relative comment or a trend-based comment, but not necessarily a relative comparative one.

In terms of share repurchases, we announced a \$250 million new program. I would think about that being the potential for it. The way we think about it is we think about investment in the business, which goes into our EBITDA calculations and output. We think about M&A, which we're always evaluating. Then we think about returning capital to shareholders. That's the share repurchase.

**Alejandro Nuno**

Great. Thank you.

**Operator**

Thank you. Our next question comes from the line of Marvin Fong with BTIG. Please proceed with your question.

**Marvin Fong**

Great. Good evening. Thanks for squeezing me in here. Just a housekeeping question. I just wanted to double-click on the statement you made about new products, reaching eight-figures for the—eight-figure revenue level, as you said. First part, is that for the total of 2026, or do you think you can actually hit eight-figures in any given quarter? Then kind of relatedly, just how should we think about the trajectory of revenue growth as I sort of think about these new products? Does the upper end of your guidance, revenue guidance, imply that you could exit 2026 still at double-digit growth? Thanks.

**Jason Trevisan**

It's a full year. It's in reference to full year, the eight-figure comment. We haven't commented on exit rates. I think if you—given the Q1 guide and the full year guide, and looking at historical, you can get a sense for how you think they might play out quarterly, but we haven't spoken to quarters to give you exit rates.

**Marvin Fong**

Okay. Got it. Thanks.

**Operator**

Thank you. Yes, go ahead. You are fine.

**Jason Trevisan**

Sorry. Okay. Yes. We knew that was the end. Thanks, everyone, for your time this evening. Thanks so much for the questions. We're extremely proud of a really strong 2025. Huge thanks to our team and our customers, and we're extremely excited for 2026 and the momentum behind us. Thanks, everyone. Have a good night.

**Operator**

Thank you. This concludes today's conference, and you may disconnect your lines at this time. Thank you for your participation.