

Q2 2022

# Business Update

August 8, 2022

# Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this presentation, other matters discussed today and answers that may be given in response to questions may include “forward-looking statements.” We may, in some cases, use terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “likely,” “may,” “might,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “target,” “will,” “would,” or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. In particular, statements in this presentation regarding: our transformation to a transaction-enabled platform; industry trends; our market awareness; our business and growth strategy and our plans to execute on our growth strategy; our ability to grow our business, including CarOffer, profitably and efficiently; the growth levers we expect to drive our business; our brand awareness efforts; our investments in and ability to drive adoption of new and existing products and their benefits; the attractiveness and value proposition of our current offerings and other product opportunities; our ability to maintain existing and acquire new customers; addressable opportunities; synergies that can be created from our combined offerings, including our ability to help dealers optimize margins; the potential growth, scaling and efficiency of CarOffer, as well as the value proposition of CarOffer’s business and expected transaction synergies; the potential growth and scaling of CarGurus Instant Max Cash Offer and our Digital Retail product opportunities; our future financial and business performance, including for the third quarter of 2022; the impact of macro-level industry issues on our business and financial results; our belief that the presentation of non-GAAP financial measures and other business metrics is helpful to our investors; and other statements regarding our plans, prospects and expectations, are examples of such forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, including, without limitation, risks related to: our growth and ability to grow our revenue; our relationships with dealers; competition in the markets in which we operate; market growth; our ability to innovate; our ability to realize benefits from our acquisitions and successfully implement the integration strategies in connection therewith; natural disasters, epidemics or pandemics, like COVID-19 that has negatively impacted our business; global supply chain challenges, the semiconductor chip shortage and other macroeconomic issues; the material weakness identified in our internal controls over financial reporting; changes in our key personnel; 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 Securities and Exchange Commission. These factors could cause actual results and developments to be materially different from those expressed in or implied by such statements. Forward-looking statements do not guarantee future performance and actual results may differ materially from those projected. The forward-looking statements are made only as of the date of this presentation, and we undertake no obligation to update such forward-looking statements to reflect subsequent events or circumstance.

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

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

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# Consumers needed easy, trustworthy answers to their car shopping questions....

Where can I buy a car like this if it is not in my area?

Can I sell my car for a fair price?

What type of vehicle should I buy?

How do I know if I'm getting the best financing?

What if this dealer is not near me?

Can I still test drive a car if I am buying online?

Have others liked working with this dealer?

Can I sell my car online for a great deal?

Can I complete some steps of the purchase online?

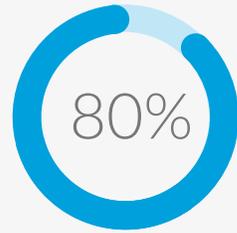
Am I getting a good deal?



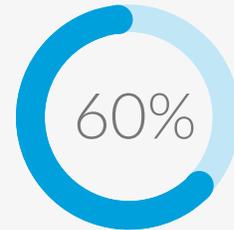
# We created a listings platform to meet their needs....But consumer and dealer needs continued to change...



Proprietary vehicle data  
IMV price comparison  
Dealer and deal ratings  
Largest selection of inventory<sup>1</sup>



CG users are open to buying online, but want an in-person test<sup>2</sup>



Auto shoppers prefer to do more from home<sup>2</sup>



of dealers expect to continue or accelerate, digital retailing at their dealership<sup>2</sup>

Largest selection of vehicles in the U.S.<sup>1</sup>

Price comparisons

Financing from a marketplace of lenders

Maximized offers from thousands of competing dealers

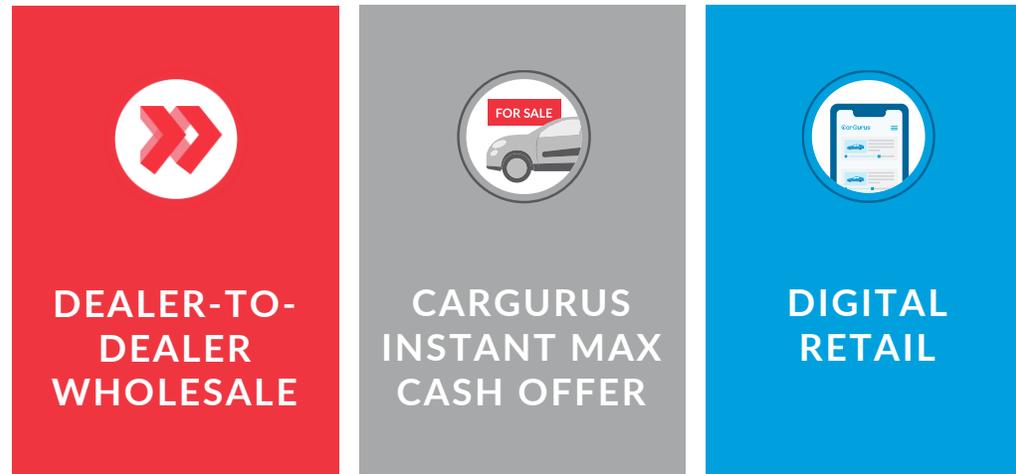
Flexibility to complete transaction in store or online

1. Compared to major online automotive marketplaces in the U.S., defined as CarGurus.com, Autotrader.com, Cars.com, and TrueCar.com; Based on YipitData as of June 30, 2022

2. 2021 CarGurus Buyer Insight Report (October 2021)

# So, we transformed to meet the market ...

We've built a full lifecycle transaction platform on top of the nation's largest marketplace



Largest Dealer Network<sup>1</sup>  
**31.1K**  
Global Paying Dealers



Largest Consumer Audience<sup>2</sup>  
**95.0M**  
Global Monthly Sessions

## Transaction-Enabled Platform

1. Compared to major online automotive marketplaces in the U.S., defined as CarGurus.com, Autotrader.com, Cars.com, and TrueCar.com; Based on YipitData as of June 30, 2022

2. Comscore Media Metrix® Multi-Platform, Automotive - Information/Resources, Total Visits, Q2 2022, U.S.; Largest consumer audience in the Automotive Information Space

Note: CarGurus™ Instant Max Cash Offer also referred to as "Instant Max Cash Offer", "Instant Max", or "IMCO" in this presentation

# ...While creating full lifecycle solutions for dealers and consumers

Linking wholesale and retail transactions more tightly for dealers through shared data on a single platform will help dealers optimize margins

Consumers are eager to transact with confidence as we earn their trust through access to more inventory and price transparency



Full lifecycle solutions are possible only through synergies between our Listings, Digital Wholesale, and Digital Retail capabilities

# ...And accelerating growth in multiple large TAMs

## INSTANT MAX CASH OFFER

TAM<sup>1</sup>: **\$400B**  
 2021 Rev: **\$89M**  
 Mkt Share: **<1%**  
 2021 Growth: **NA**

## D2D WHOLESALE

TAM<sup>1</sup>: **\$15B**  
 2021 Rev: **\$225M**  
 Mkt Share: **2%**  
 2021 Growth: **>1,000%**



**DEALER-TO-DEALER WHOLESALE**



**CARGURUS INSTANT MAX CASH OFFER**



**DIGITAL RETAIL**

## DIGITAL RETAIL

TAM<sup>1</sup>: **\$1T**  
 2021 Rev<sup>2</sup>: **NA**  
 Mkt Share: **NA**  
 2021 Growth<sup>2</sup>: **NA**



**CarGurus**  
**FOUNDATIONAL LISTINGS BUSINESS**

## MARKETPLACE

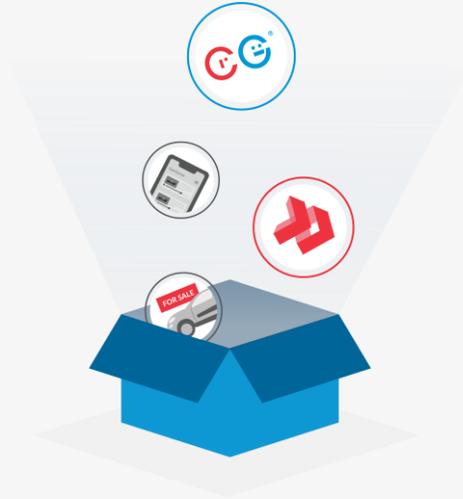
TAM<sup>1</sup>: **\$3B**  
 2021 Rev<sup>2</sup>: **\$637M**  
 Mkt Share<sup>3</sup>: **21%**  
 2021 Growth<sup>2</sup>: **16%**

## Transaction-Enabled Platform

We have constructed a portfolio of products into a platform with stability, stickiness, and long growth runways

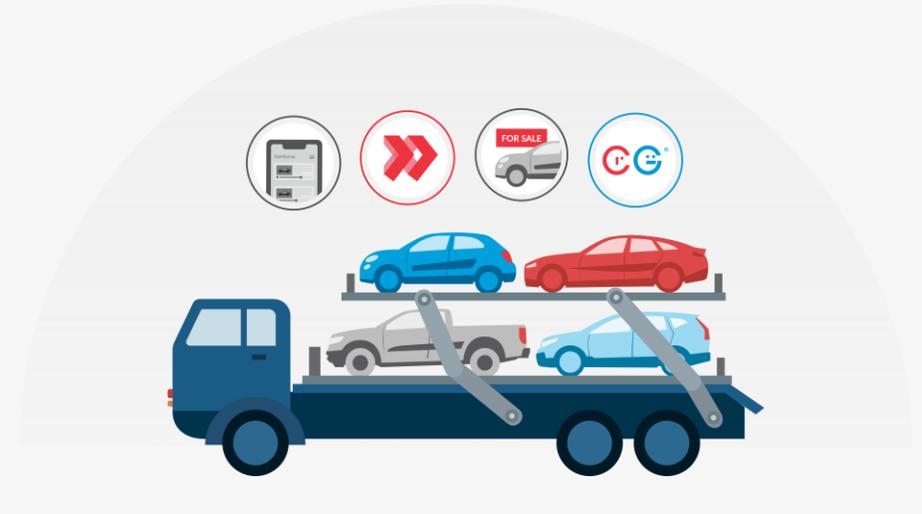
1. CarGurus estimates based upon third party and internal data sources  
 2. Marketplace revenue is inclusive of Digital Retail revenue for FY 2021  
 3. Calculated as the total Marketplace revenue presented above divided by Marketplace TAM

# The Combination of Listings, Digital Wholesale and Digital Retail Creates Powerful Synergies Unavailable Elsewhere



## Bundling to drive stickiness with consumers and dealers

- **INSTANT MAX CASH OFFER ACCESS**  
for CO + CG dealers
- **PRICING & PACKAGING INCENTIVES**  
for CO + CG dealers to transact more on CO and buy premium listings tiers
- **SALES TEAM COLLABORATION**  
to bring dealers onto both platforms
- **CONSUMER**  
with incentives and discounts for using IMCO + Digital Retail



## Operational efficiencies

- **CONSOLIDATED CALL CENTER SUPPORT**  
to serve IMCO and Digital Retail
- **SCALABLE LOGISTICS NETWORK**  
enabling D2D, Instant Max Cash Offer, and potentially Digital Retail
- **EFFICIENCIES ON MARKETING SPEND**  
due to higher CLV from multiple monetization pathways

# Listings & Digital Retail

# CarGurus Listings marketplace is a platform of scale with a ready-to-purchase consumer audience

## LARGEST CONSUMER AUDIENCE<sup>1</sup>

### U.S. monthly unique visitors<sup>2</sup>

29M+ 

27M+ Competitor 1<sup>3</sup>

16M+ Competitor 2<sup>3</sup>

7M+ Competitor 3<sup>3</sup>

### SHOPPERS ARE SERIOUS...

21 mins

Average minutes spent per visitor on CarGurus per month<sup>4</sup>

1.9x & 2.5x

more times than two competitors<sup>4</sup>

### ... AND MORE LIKELY TO PURCHASE

3.0x

more likely to be the last site consumers visit before they purchase<sup>5</sup>

Attracting dealers through industry leading consumer traffic



1. Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Total Visits, Q2 2022, U.S.; Largest consumer audience in the Automotive Information Space  
2. Represents monthly average for the three months ended June 30, 2022; see our most recent quarterly report filed with the SEC for this definition  
3. Sourced from publicly available data, including filings with the SEC, for the three months ended June 30, 2022  
4. Comscore Media Metrix® Multi-Platform, Automotive – Information/Resources, Average Minutes, Q2 2022, U.S.  
5. 2021 CarGurus Buyer Insight Report (October 2021)



# The combination of which delivers a strong ROI for dealers



**BUILT ON  
TECHNOLOGY  
TO DELIVER  
TRANSPARENCY**



**WHERE THE  
SHOPPERS ARE**



**DELIVERING  
STRONG ROI**



**A TRUSTED  
PARTNER TO  
SUPPORT DEALER  
NEEDS**

**DEALERS SELL CARS FASTER ON CARGURUS**

**16% & 22% faster than two competitors<sup>1</sup>**



# Innovating to stay ahead of the curve & sell more efficiently....

## New Products Driving *Engagement, Insights, & Efficiency*



Area Boost



CarGurus RPM®

### IMPROVE ENGAGEMENT

- ✓ Meet shopper demand
- ✓ Expand market
- ✓ Grow shopper connections



Dealer Dashboard/App

### UNIQUE INSIGHTS

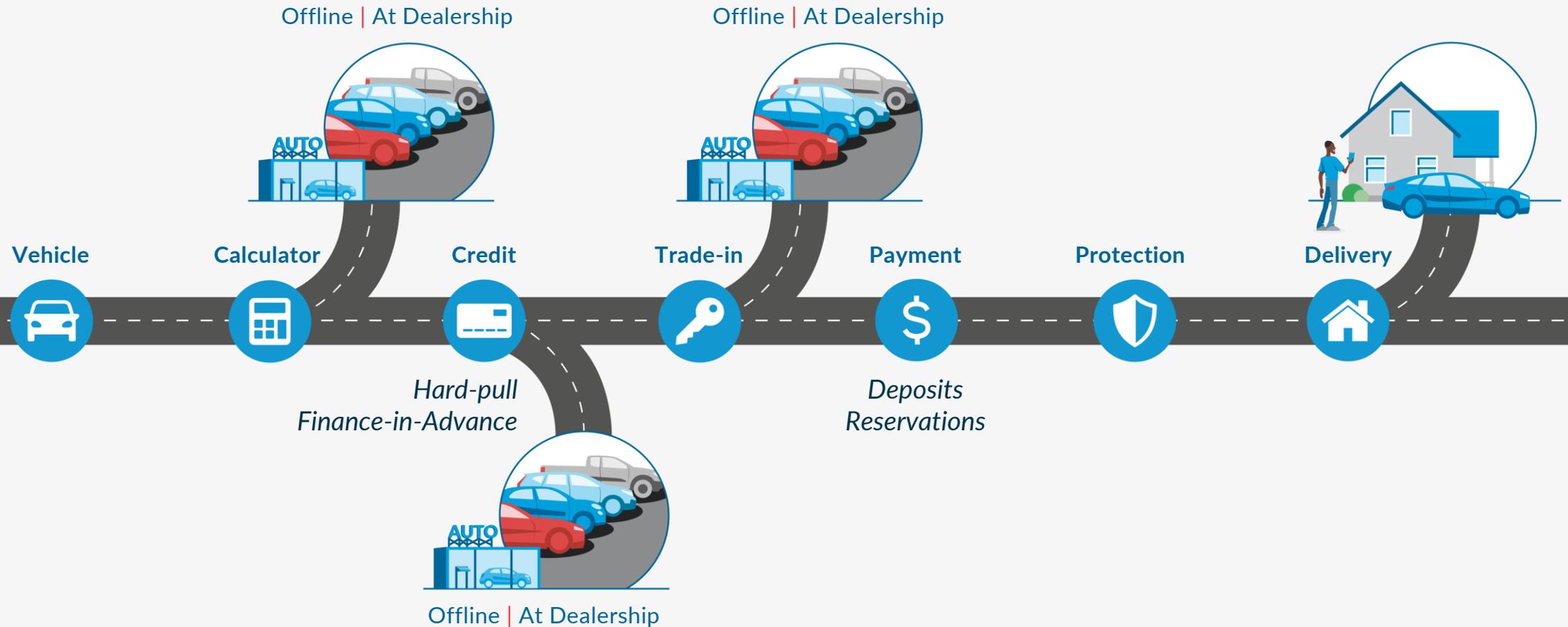
- ✓ Optimize inventory management
- ✓ Pricing tool—VIN scan
- ✓ Lead AI



### INCREASE EFFICIENCY

- ✓ Prioritize best leads
- ✓ Pre-qualify leads
- ✓ Support trade-ins

# ...And allowing dealers to flexibly serve the consumer

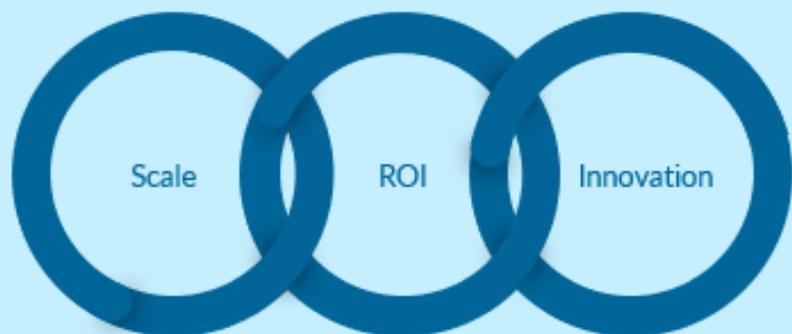


CarGurus is reimagining a dealer-aligned way for consumers to transact – allowing both dealers and consumers the flexibility to choose their own journey



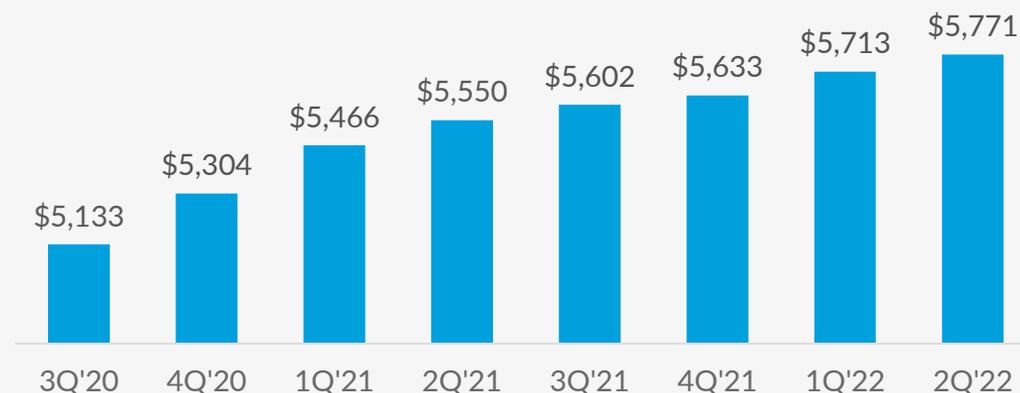
# Resulting in our leading position

## A Unique Combination



- Largest inventory & selection<sup>2</sup>
- Largest dealer network<sup>2</sup>
- Proprietary IMV
  - Unique dealer ratings
  - Rigorous deal ratings
  - Customer-focused sort order

## U.S. QARSD<sup>1</sup>



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



# Digital Wholesale

# CarOffer platform: sustainably differentiated

EFFICIENT AUTOMATIC  
INVENTORY OFFERS 24/7

Always on  
24/7 matrix

No geographic  
boundaries, nationwide  
transactions

Capital-efficient  
inspections,  
transportation and  
payment

ENHANCED  
SOPHISTICATION

150,000+ active-matrix  
rules, trim/option matching

Matrix intelligence

SCALABLE

Integrated wholesale-  
retail indices

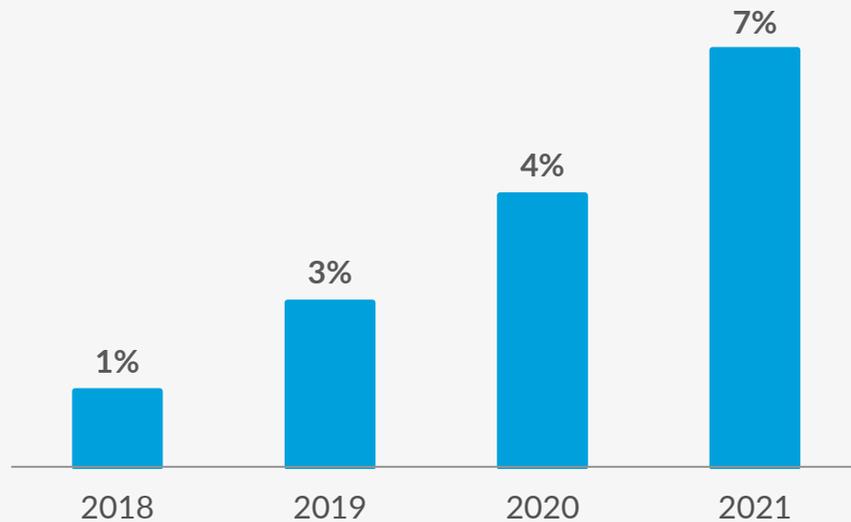
Only consumer-to-dealer  
sourcing integration



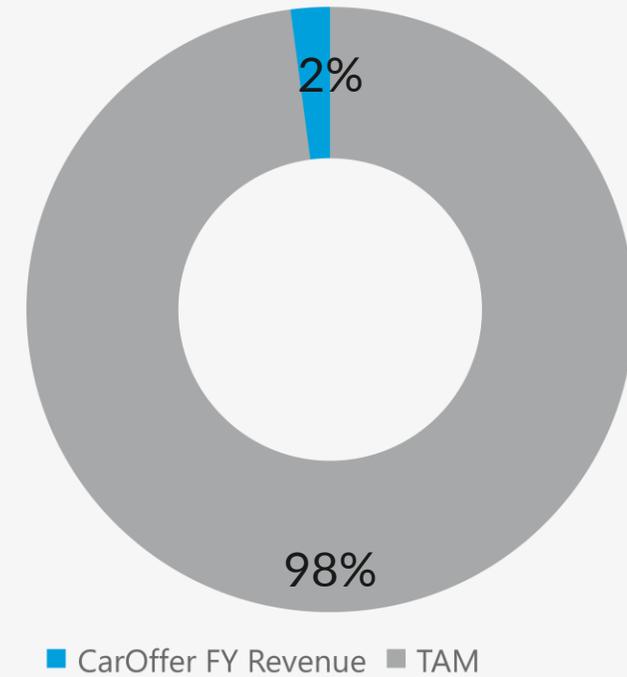
When you're an independent dealer, your time is spent mostly sourcing vehicles...**Every piece of inventory we purchase, we have to go find—and the key to that is CarGurus and CarOffer. Combining forces has given CarOffer the secret weapon, and that is they can use the Instant Market Value of CarGurus to help us dealers source vehicles.** -Danny Archibald

# Massive runway for growth

RAPID INCREASE IN DIGITAL D2D AS A % SHARE OF WHOLESALE<sup>1</sup>



TAKING SHARE OF WHOLESALE<sup>1</sup>



There is a long runway for growth ahead:  
More dealers, more wholesale share per dealer, and more products

# Instant Max Cash Offer: offering dealers the only direct to consumer channel at scale

## Sell your car 100% online

Get the *best offer instantly*, sourced from thousands of dealers.

Get your offer →

License plate

VIN

License plate

State

Enter your license plate

MA ▾

Get Started



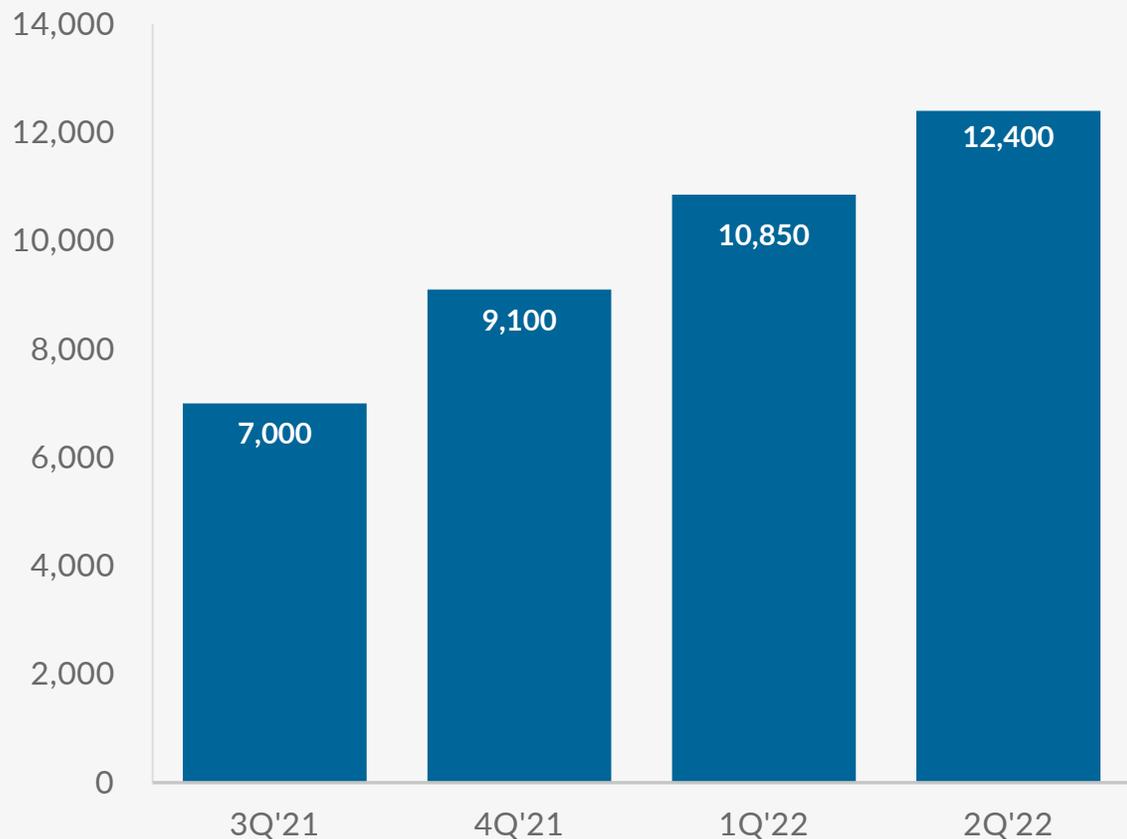
Access to unique inventory is a differentiator for any wholesale platform



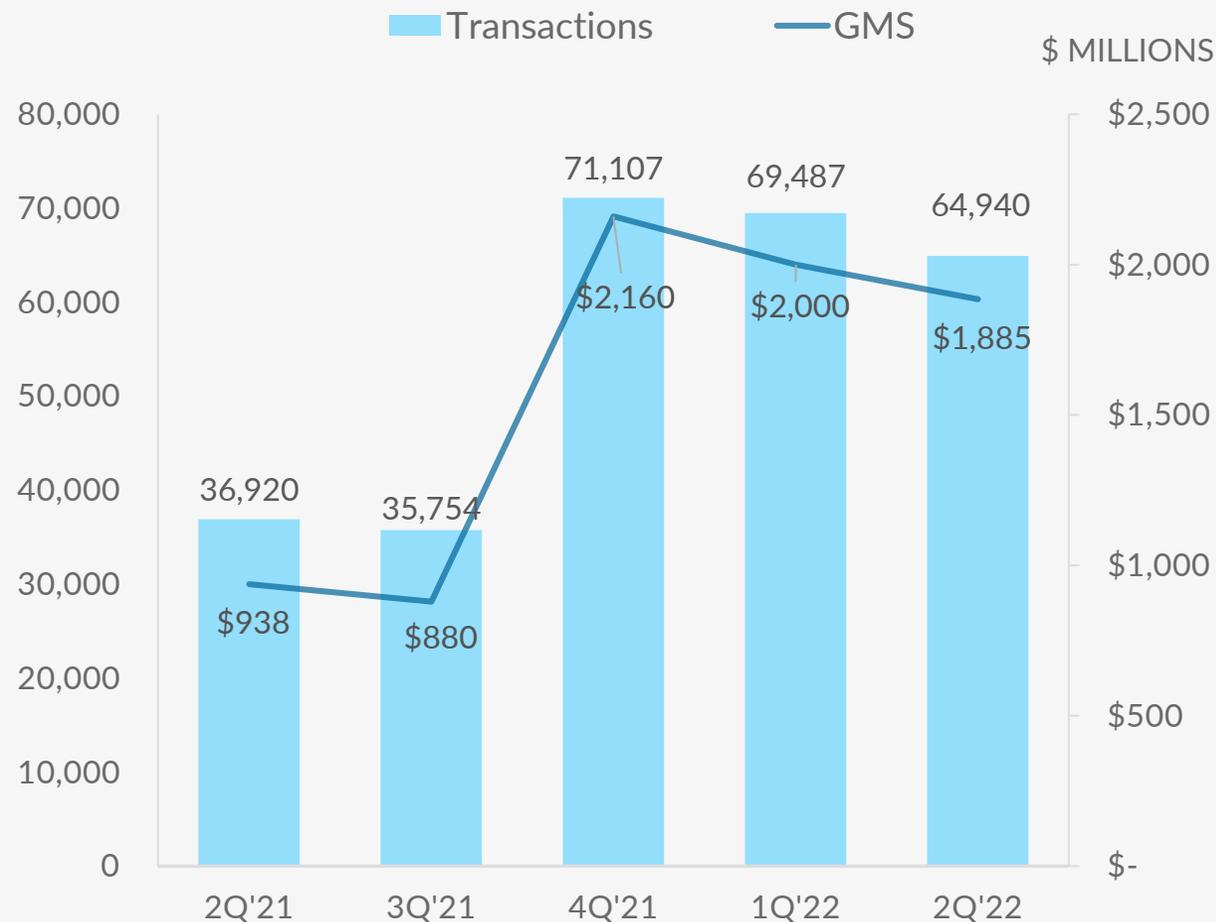
“Like most dealerships today, we are leaving no stone unturned when it comes to inventory acquisition strategies, and the CarGurus Instant Max Cash Offer feature has opened up a stream of access to consumer-owned vehicles,” said Imed Chahed, GM at McGee Pre-Owned Superstore.

# CarOffer is gaining significant scale quickly

## CUMULATIVE ENROLLED DEALERS <sup>1</sup>

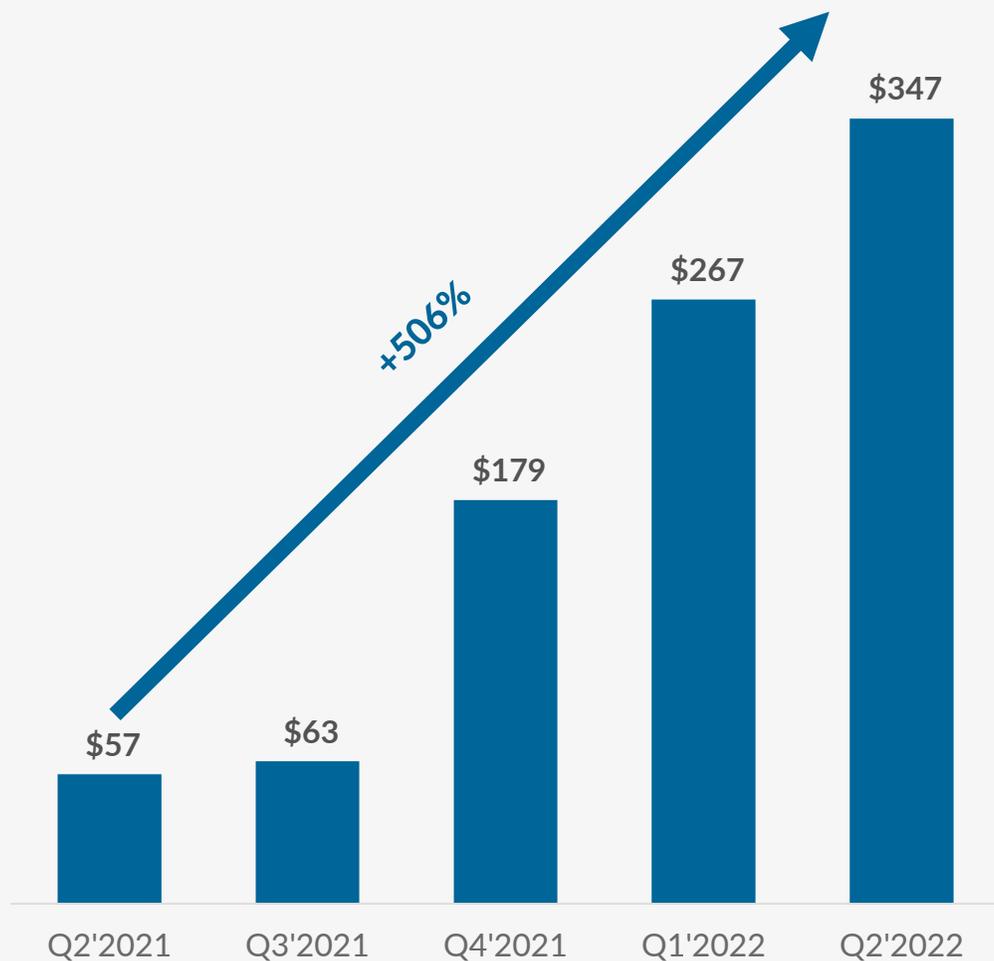


## TOTAL TRANSACTIONS & GROSS MERCHANDISE SALES (GMS)<sup>2</sup>

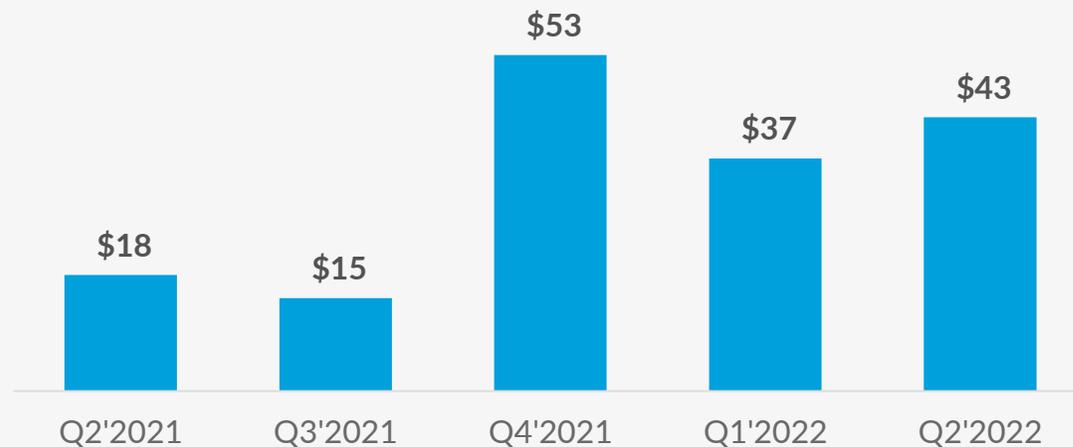


# CarOffer Select Financials (IMCO & Dealer-to-Dealer)

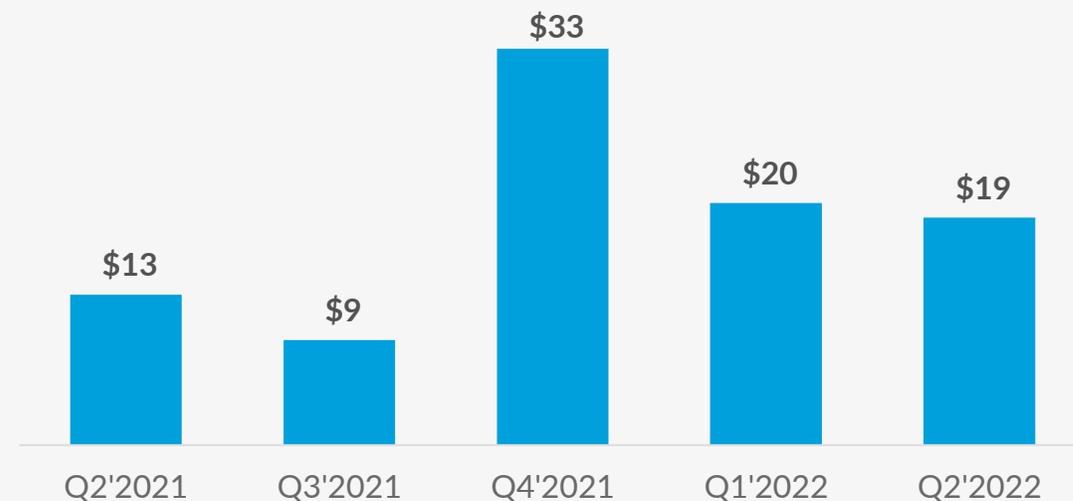
REVENUE (\$ MILLIONS)



NON-GAAP GROSS PROFIT (\$ MILLIONS)<sup>1</sup>



ADJUSTED EBITDA (\$ MILLIONS)<sup>1</sup>



<sup>1</sup> Please see the Appendix to this presentation for a reconciliation of these non-GAAP measures  
 Note: The figures presented for non-GAAP gross profit and Adjusted EBITDA above are not intended to align with how such terms are used in connection with call and put rights under the CarOffer Operating Agreement (as defined in CarGurus' Annual Report on Form 10-K for the year ended December 31, 2021), which in each case are calculated in accordance with the defined terms and subject to the adjustments set forth therein.

# CarOffer Select Financials (IMCO & Dealer-to-Dealer)

<i>(millions)</i>	Q2 2022	QoQ $\Delta$	YoY $\Delta$
Revenue:	\$347M	+30%	+506%
Non-GAAP Gross Profit <sup>1</sup> :	\$43M	+17%	+135%
<i>Non-GAAP Gross Profit Margin<sup>1</sup>:</i>	12%	-131 bps	-1,956 bps
Adjusted EBITDA <sup>1</sup> :	\$19M	-5%	+51%
<i>Stock Based Compensation:</i>	\$13M	-5%	+89%
<i>Amortization of Intangibles:</i>	\$7M	0%	0%
Non-GAAP Net Income <sup>1</sup> :	\$18M	-6%	+38%

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

Note: The figures presented for non-GAAP gross profit and Adjusted EBITDA above are not intended to align with how such terms are used in connection with call and put rights under the CarOffer Operating Agreement (as defined in CarGurus' Annual Report on Form 10-K for the year ended December 31, 2021), which in each case are calculated in accordance with the defined terms and subject to the adjustments set forth therein.

# Understanding our external presentation...

## Income Statement Presentation

### MARKETPLACE

- Listings Subscription Packages
- RPM Digital Advertising Suite
- OEM Advertising
- Digital Retail: Area Boost, Finance Partnerships, Digital Deal, Other Digital Retail Pilots

### PRODUCT

- Instant Max Cash Offer
  - Cost of the vehicle including transportation
  - Sales Allowance for IMCO
- Arbitration (possess ownership)<sup>1</sup>
  - IMCO Extended Arbitration Fees
  - IMCO Concessions/Goodwill

### WHOLESALE

- Dealer-to-Dealer Transactions
  - Sales Allowance for D2D
- D2D OfferGuard, IMCO OfferGuard, 45-Day Guarantee
- ConsumerLane, Seller Assurance, PremiumXchange, Arbitration (rematched to dealers)<sup>1</sup>
  - D2D Extended Arbitration Fees
  - D2D Concessions/Goodwill
- Transportation (excluding landed dealer) and Inspection for D2D and IMCO

## Business Unit Presentation

### MARKETPLACE

- Listings Subscription Packages
- RPM Digital Advertising Suite
- OEM Advertising
- Digital Retail: Area Boost, Finance Partnerships, Digital Deal, Other Digital Retail Pilots

### INSTANT MAX CASH OFFER

Q2 REVENUE: \$250M; Q2 NON-GAAP GM<sup>2</sup>: 4%

- Instant Max Cash Offer
  - Cost of the vehicle + buy fees
  - Sales Allowance for IMCO
- IMCO OfferGuard
- All IMCO Arbitration
  - IMCO Extended Arbitration Fees
  - IMCO Concessions/Goodwill
- All IMCO Transportation and Inspection

### DEALER-TO-DEALER

Q2 REVENUE: \$97M; Q2 NON-GAAP GM<sup>2</sup>: 34%

- Dealer-to-Dealer Transactions
  - Sales Allowance for D2D
- D2D OfferGuard, 45-Day Guarantee
- ConsumerLane, Seller Assurance, PremiumXchange
- All D2D Arbitration
  - D2D Extended Arbitration Fees
  - D2D Concessions/Goodwill
- All D2D Transportation and Inspection

# Consolidated Financial Overview

# CarGurus financial highlights

1

- Strong track record of **revenue growth** in large total addressable markets

2

- End-to-end transaction-enabled marketplace allows for **platform diversity**

3

- Proven operating leverage and **profitability**

4

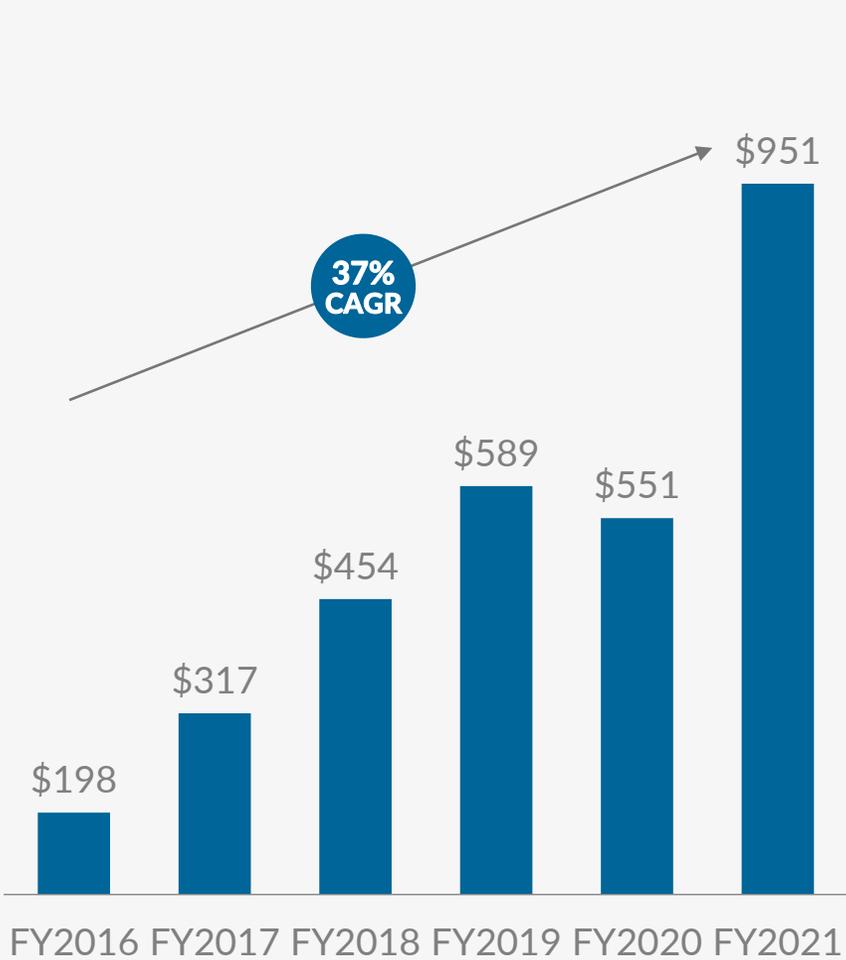
- Attractive **free cash flow** generation

5

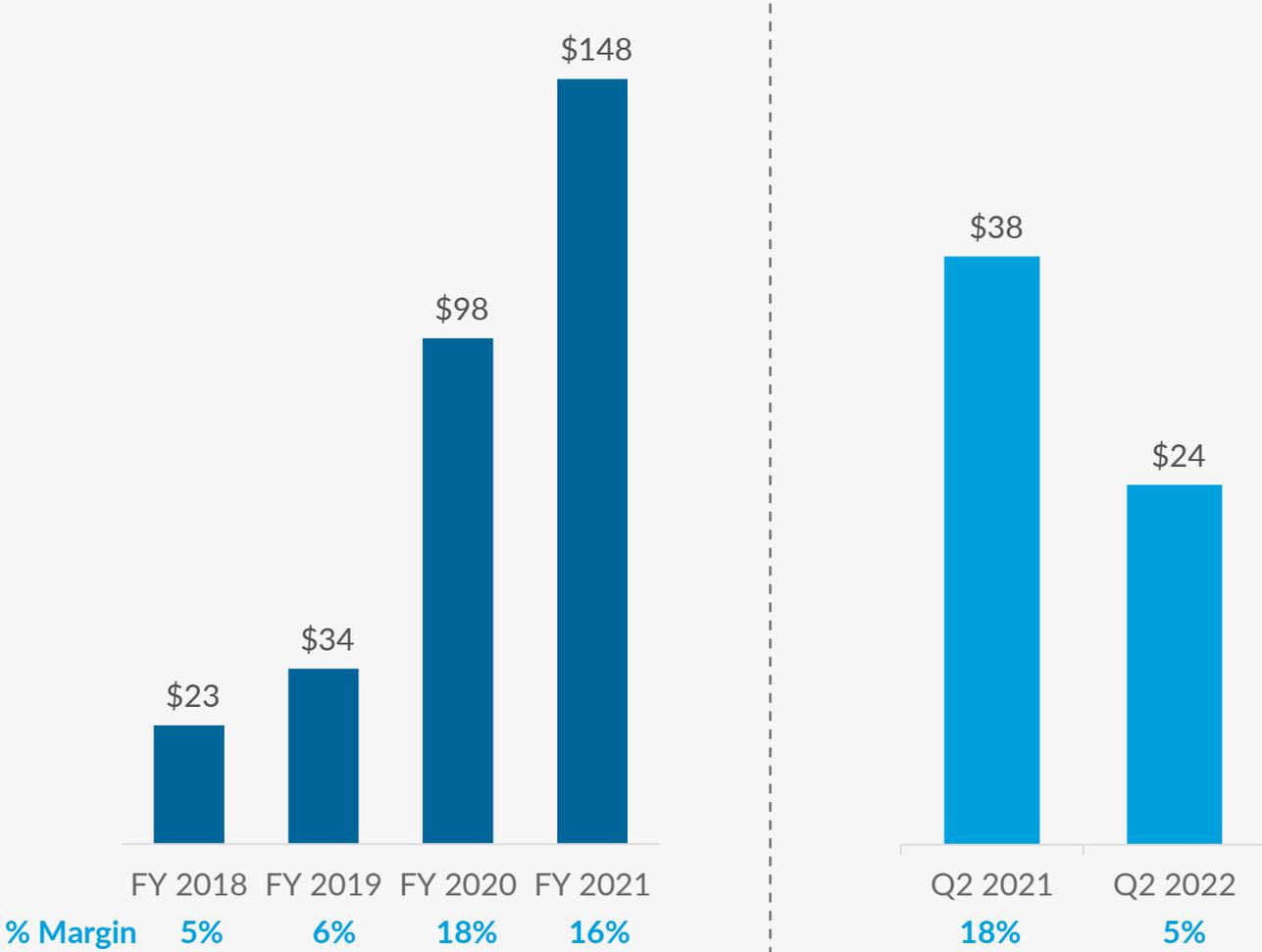
- **High quality revenue:** diversified customer base, transactional & subscription revenue

# Financial Performance

CONSOLIDATED REVENUE (\$ MILLIONS)



CONSOLIDATED GAAP OPERATING INCOME (\$ MILLIONS)



# Third Quarter 2022 Outlook

	3Q 2022
Total Revenue	\$460M - \$490M
Instant Max Cash Offer Revenue	\$225M - \$245M
Non-GAAP Consolidated Adjusted EBITDA	\$44.5M - \$52.5M
Non-GAAP Earnings Per Share	\$0.25 - \$0.28

The third quarter 2022 non-GAAP earnings per share calculation assumes 119.5 million diluted weighted-average common shares outstanding. This assumed number of shares outstanding excludes the potential dilution from CarGurus utilizing its equity as the sole form of consideration to purchase the remaining 49% interest in CarOffer, which is assumed for accounting purposes. As of June 30, 2022, there were \$15.4 million potentially dilutive shares related to the potential future purchase of the remaining 49% interest in CarOffer, all of which have been excluded from the calculation of the third quarter 2022 non-GAAP earnings per share calculation as they were anti-dilutive as of such date.

The assumptions that are built into guidance for the third quarter 2022 regarding our pace of paid dealer acquisition, churn, and expansion activity for the relevant period are based on recent market behaviors and industry conditions. Guidance for the third quarter 2022 excludes the effects of significant COVID-19 resurgences, including the reintroduction of lockdowns and/or a slowed pace of recovery, or other macro-level industry issues that result in dealers and consumers materially changing their recent market behaviors or that cause us to enact measures to assist dealers, such as offering fee reductions or waivers as we have done from time to time during the COVID-19 pandemic. Guidance also excludes adjustments to the carrying value of redeemable noncontrolling interests resulting from potential changes in the redemption value of such interests, and any potential impact of foreign currency exchange gains or losses.

CarGurus has not reconciled its guidance of non-GAAP consolidated adjusted EBITDA to GAAP consolidated net income or non-GAAP consolidated EPS to GAAP consolidated EPS because the reconciling items between such GAAP and non-GAAP financial measures, which includes, as applicable, stock-based compensation, amortization of intangible assets, acquisition-related expenses, depreciation expenses, non-intangible amortization, other income (net), the provision for income taxes, income tax effects, and adjustments to the carrying value of redeemable noncontrolling interests resulting from changes in the redemption value of such interests, cannot be reasonably predicted due to, as applicable, the timing, amount, valuation and number of future employee equity awards, and the uncertainty relating to the timing, frequency and effect of acquisitions and the significance of the resulting acquisition-related expenses, including adjustments to the carrying value of redeemable noncontrolling interests resulting from potential changes in the redemption value of such interests, and therefore cannot be determined without unreasonable effort.

# Appendix

# Definitions

## **CAROFFER ENROLLED DEALERS**

Defined as those for which CarOffer and the applicable dealer have signed an enrollment agreement to participate on the CarOffer platform and CarOffer has entered such dealer's rooftops in its sales management system. Includes dealers that have signed an enrollment agreement but have not yet completed CarOffer's onboarding process.

## **CAROFFER DEALER-TO-DEALER TRANSACTIONS**

The number of vehicles sold through the CarOffer platform (other than those sold by consumers), including via PremiumXchange, during the specified time period, based on the date that CarOffer considers the vehicle as sold, which can vary depending on the nature of the transaction. The number of transactions for reported periods is subject to potential adjustment after the date hereof based on future arbitration claims that may occur in the ordinary course.

## **INSTANT MAX CASH OFFER TRANSACTIONS**

The number of vehicles sold by consumers through the CarOffer platform during the specified time period, based on the date that CarOffer considers the vehicle as sold, which can vary depending on the nature of the transaction. The number of transactions for reported periods is subject to potential adjustment after the date hereof based on future arbitration claims that may occur in the ordinary course.

## **CAROFFER TOTAL TRANSACTIONS**

The aggregate of CarOffer Dealer-to-Dealer Transactions and Instant Max Cash Offer Transactions during the specified time period. The number of transactions for reported periods is subject to potential adjustment after the date hereof based on future arbitration claims that may occur in the ordinary course.

## **CAROFFER GROSS MERCHANDISE SALES ("GMS")**

The aggregate sale price of all vehicles sold through the CarOffer platform during the specified time period, calculated as the sum of each vehicle's selling price indicated in the CarOffer system of record based on the date on which CarOffer considers the vehicle as sold, which can vary depending on the nature of the transaction. Includes the sale price of vehicles sold through PremiumXchange transactions. Excludes OfferGuard and Guaranteed Put-Bid contracts, as well as all fees relating to transportation, inspection, and arbitration. Amounts for reported periods are subject to potential adjustment after the date hereof based on future arbitration claims that may occur in the ordinary course. GMS is inclusive of both CarOffer Dealer-to-Dealer Transactions and Instant Max Cash Offer Transactions.

# Reconciliations of Dealer-to-Dealer and Instant Max Cash Offer non-GAAP gross profit and non-GAAP gross profit margin

## CarOffer Dealer-to-Dealer Business

(\$ millions)	2Q 2022
GAAP REVENUE	\$97.1
GAAP COST OF REVENUE	\$69.6
GAAP GROSS PROFIT	\$27.5
IMPACT OF AMORTIZATION OF INTANGIBLE ASSETS IN COST OF REVENUE	\$5.2
IMPACT OF STOCK-BASED COMPENSATION EXPENSE IN COST OF REVENUE	\$0.00
<b>NON-GAAP GROSS PROFIT</b>	<b>\$32.7</b>
GAAP GROSS PROFIT MARGIN	28%
<b>NON-GAAP GROSS PROFIT MARGIN</b>	<b>34%</b>

## Instant Max Cash Offer Business

(\$ millions)	2Q 2022
GAAP REVENUE	\$250.2
GAAP COST OF REVENUE	\$239.9
GAAP GROSS PROFIT	\$10.3
IMPACT OF AMORTIZATION OF INTANGIBLE ASSETS IN COST OF REVENUE	\$0.0
IMPACT OF STOCK-BASED COMPENSATION EXPENSE IN COST OF REVENUE	\$0.00
<b>NON-GAAP GROSS PROFIT</b>	<b>\$10.3</b>
GAAP GROSS PROFIT MARGIN	4%
<b>NON-GAAP GROSS PROFIT MARGIN</b>	<b>4%</b>

Note: We define non-GAAP Gross Profit Margin for our CarOffer dealer-to-dealer and Instant Max Cash Offer businesses as non-GAAP Gross Profit for such business divided by GAAP Revenue for such business. We define non-GAAP Gross Profit for our CarOffer dealer-to-dealer and Instant Max Cash Offer businesses as the difference between GAAP Revenue for such business and GAAP Cost of Revenue for such business adjusted for the impacts of Amortization of Intangible Assets and Stock-Based Compensation Expense in GAAP Cost of Revenue for such business. We believe each of these non-GAAP financial measures provides useful information that will allow investors to evaluate our operating performance and better understand our CarOffer dealer-to-dealer and Instant Max Cash Offer businesses.

# Reconciliations of total CarOffer non-GAAP gross profit and non-GAAP gross profit margin

## Total CarOffer Business

(\$ millions)	2Q 2021	1Q 2022	2Q 2022
GAAP REVENUE	\$57.3	\$267.3	\$347.3
GAAP COST OF REVENUE	\$39.0	\$236.1	\$309.5
GAAP GROSS PROFIT	\$18.3	\$31.2	\$37.8
IMPACT OF AMORTIZATION OF INTANGIBLE ASSETS IN COST OF REVENUE	\$-	\$5.3	\$5.2
IMPACT OF STOCK-BASED COMPENSATION EXPENSE IN COST OF REVENUE	\$0.06	\$0.08	\$0.00
<b>NON-GAAP GROSS PROFIT</b>	<b>\$18.3</b>	<b>\$36.6</b>	<b>\$43.0</b>
GAAP GROSS PROFIT MARGIN	32%	12%	11%
<b>NON-GAAP GROSS PROFIT MARGIN</b>	<b>32%</b>	<b>14%</b>	<b>12%</b>

Note: We define CarOffer's non-GAAP Gross Profit Margin as CarOffer's non-GAAP Gross Profit divided by CarOffer's GAAP Revenue. We define CarOffer's non-GAAP Gross Profit as the difference between CarOffer's GAAP Revenue and CarOffer's GAAP Cost of Revenue adjusted for the impacts of Amortization of Intangible Assets and Stock-Based Compensation Expense in CarOffer's GAAP Cost of Revenue. We believe each of these non-GAAP financial measures provides useful information that will allow investors to evaluate our operating performance and better understand our new CarOffer business.

Note: Numbers may not tie due to rounding.

# Reconciliations of CarOffer adjusted EBITDA and non-GAAP net income

(\$ millions)	2Q'21	1Q'22	2Q'22
GAAP CAROFFER NET (LOSS) INCOME <sup>1</sup>	(\$1.7)	(\$2.8)	(\$3.2)
IMPACT OF CAROFFER DEPRECIATION AND AMORTIZATION	\$7.3	\$7.6	\$7.7
IMPACT OF CAROFFER STOCK-BASED COMPENSATION	\$7.1	\$14.1	\$13.4
IMPACT OF OTHER EXPENSE (INCOME)	(\$0.1)	\$1.1	\$1.2
IMPACT OF PROVISION FOR INCOME TAXES	\$-	\$0.2	\$-
<b>CAROFFER ADJUSTED EBITDA</b>	<b>\$12.6</b>	<b>\$20.2</b>	<b>\$19.1</b>

(\$ millions)	2Q'21	1Q'22	2Q'22
GAAP CAROFFER NET (LOSS) INCOME <sup>1</sup>	(\$1.7)	(\$2.8)	(\$3.2)
IMPACT OF CAROFFER STOCK-BASED COMPENSATION	\$7.1	\$14.1	\$13.4
IMPACT OF CAROFFER AMORTIZATION OF INTANGIBLE ASSETS	\$7.3	\$7.3	\$7.3
<b>NON-GAAP CAROFFER NET INCOME</b>	<b>\$12.7</b>	<b>\$18.6</b>	<b>\$17.5</b>

1. Net (Loss) Income attributable to CarOffer on a standalone basis does not include certain operating expenses incurred by the core CarGurus business.

Note: We define CarOffer Adjusted EBITDA, a non-GAAP measure, as GAAP CarOffer Net (loss) income, adjusted to exclude: CarOffer Depreciation & Amortization; CarOffer Stock-Based Compensation Expense; CarOffer Other Expense (Income), net; and CarOffer Provision for Income Taxes. We define non-GAAP CarOffer Net Income as GAAP CarOffer Net Income (loss) adjusted for the impacts of CarOffer Amortization of Intangible Assets and CarOffer Stock-Based Compensation Expense. We believe the presentation of each of these non-GAAP financial measures provides useful information that will allow investors to evaluate our operating performance and better understand our new CarOffer business.

Note: Numbers may not tie due to rounding.