

Q4 2023 Business Update

February 26, 2024



Cautionary Note Regarding Forward-Looking Statements

This presentation includes “forward-looking statements”. The words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “goal,” “guide,” “intend,” “may,” “might,” “plan,” “potential,” “predicts,” “projects,” “seeks,” “should,” “target,” “will,” “would,” and similar expressions and their negatives are intended to identify forward-looking statements. In particular, statements in this presentation regarding our transformation to a transaction-enabled platform; industry trends; our market awareness; our business and growth strategy and our plans to execute on our growth strategy; our ability to grow our business profitably and efficiently; our expectation that we will continue to invest in growth initiatives; the growth levers we expect to drive our business; our 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; our ability to grow the CarOffer business and return it to profitability; the potential growth and scaling of our various product opportunities; the impact of macro-level industry issues on our business and financial results; global and domestic economic conditions; statements regarding our future financial and business performance for the first quarter of 2024; and other statements regarding our plans, prospects, and expectations, are examples of such forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those reflected in such statements, including risks related to our growth and our ability to grow our revenue; our relationships with dealers; competition in the markets in which we operate; market growth; our ability to innovate; our ability to realize benefits from our acquisitions and successfully implement the integration strategies in connection therewith; global supply chain challenges, increased inflation and interest rates and other macroeconomic issues; the material weakness identified in our internal controls over financial reporting; changes in our key personnel; natural disasters, epidemics, or pandemics; and our ability to operate in compliance with applicable laws, as well as other risks and uncertainties as may be detailed from time to time in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q and other reports we file with the U.S. Securities and Exchange Commission. These factors could cause actual results and developments to be materially different from those expressed in or implied by such statements. Forward-looking statements do not guarantee future performance and actual results may differ materially from those projected. The forward-looking statements are made only as of the date of this presentation, and we undertake no obligation to update such forward-looking statements to reflect subsequent events or circumstance.

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

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

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

- 1 Where can I buy a car like this if it is not in my area?
- 2 How do I know if I'm getting the best financing?
- 3 Have others liked working with this dealer?
- 4 Can I complete some steps of the purchase online?
- 5 Can I sell my car for a fair price?

... And much more.



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



We became the #1 listings platform¹...



...But needs continued to change...



...So we created an unmatched end-to-end transaction-enabled platform

Proprietary vehicle data
IMV price comparison
Dealer and deal ratings
Largest selection of inventory²

79%

CG users want an in-person test³

69%

Auto shoppers prefer to do more from home³

82%

Of sellers would be open to selling online³

Largest selection of vehicles in the U.S.²
Price comparisons
Financing from a marketplace of lenders
Maximized offers from thousands of competing dealers
Flexibility to complete transaction in store or online

1. Source: [Similarweb](#): Traffic Report, Q4 2023, USA
2. 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 December 31, 2023
3. CarGurus Internal Research

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 Network¹

24.3k

U.S. Paying Dealers

One of the Largest Consumer Audiences of any Automotive Marketplace in the U.S.²

76.8M

U.S. Monthly Sessions



Transaction-Enabled Platform

5 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 December 31, 2023
2. Similarweb: Audience Report, Q4 2023, USA

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

Dealers

Source vehicles through CarOffer and Sell My Car

Market inventory on CarGurus Marketplace to one of the largest consumer audiences¹

Sell to shoppers that are 3-5x more likely to close via CarGurus Digital Retail



Consumers

Shop the largest selection of inventory² from the largest dealer network²

Finance & Buy with a self-selected seamless online-to-in-store experience

Sell 100% online with IMCO³ or to a local dealer with Dealer Offers

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

6 1. Similarweb: Audience Report, Q4 2023, USA
2. 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 December 31, 2023
3. CarGurus™ Instant Max Cash Offer is also referred to as "Instant Max Cash Offer" or "IMCO" in this presentation.

...And accelerating growth in multiple large TAMs

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



D2D WHOLESAL

TAM¹: **\$15B**
Mkt Share²: **<1%**

MARKETPLACE

TAM¹: **\$3B**
Mkt Share²: **23%**

Sell My Car

TAM¹: **\$400B**
Mkt Share²: **<1%**

DIGITAL RETAIL

TAM¹: **\$1T**
Mkt Share: **NA**

Transaction-Enabled Platform

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



Bundling to drive stickiness with consumers and dealers

Sell My Car 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 Sell My Car + Digital Retail



Operational efficiencies

Consolidated call center support
to serve Sell My Car and Digital Retail

Scalable logistics network
enabling D2D, Sell My Car, and potentially Digital Retail

Efficiencies on marketing spend
due to higher customer lifetime value from multiple monetization pathways

Marketplace



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

One Of The Largest Consumer Audiences Of Any Automotive Marketplace In The U.S.¹

U.S. average monthly visitors²

42.8M

CarGurus

28.4M+

Competitor 1

24.9M+

Competitor 2

8.9M+

Competitor 3



Attracting dealers through industry-leading consumer traffic

Shoppers are serious...

Each unique visitor spends more time on CarGurus than our leading competitors' sites³

40%

...more minutes per unique visitor than the next competitor³

... more likely to purchase...

2.5x

more likely to be the last site consumers visit before they purchase⁴

... And are unique to our site...

49%

of CarGurus unique visitors did not visit any of our leading competitors in Q4 2023¹

CarGurus

1. Similarweb: Audience Report, Q4 2023, USA
2. Similarweb: Traffic Report, Q4 2023, USA
3. Similarweb: Engagement Report, Q4 2023, USA
4. 2022 CarGurus Consumer Insight Report (October 2022)

The combination of which delivers a strong ROI for dealers

Providing dealers the best investment

“ CarGurus has been the best investment for our dealership! The support team we have is amazing. They are always available when we need their help, and they are always looking out for our best practices!”

Kristin Wood, Show Cars of Boca Raton
Medium Independent Dealer



Built on technology to deliver transparency



Where the shoppers are



Delivering strong ROI



A trusted partner to support dealer needs

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

New Products Driving Engagement, Insights, & Efficiency

Geographic Expansion

CarGurus RPM[®]

Sell My Car

Improve Engagement

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

Dealer Dashboard/App

Dealer Data Insights

Unique Insights

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

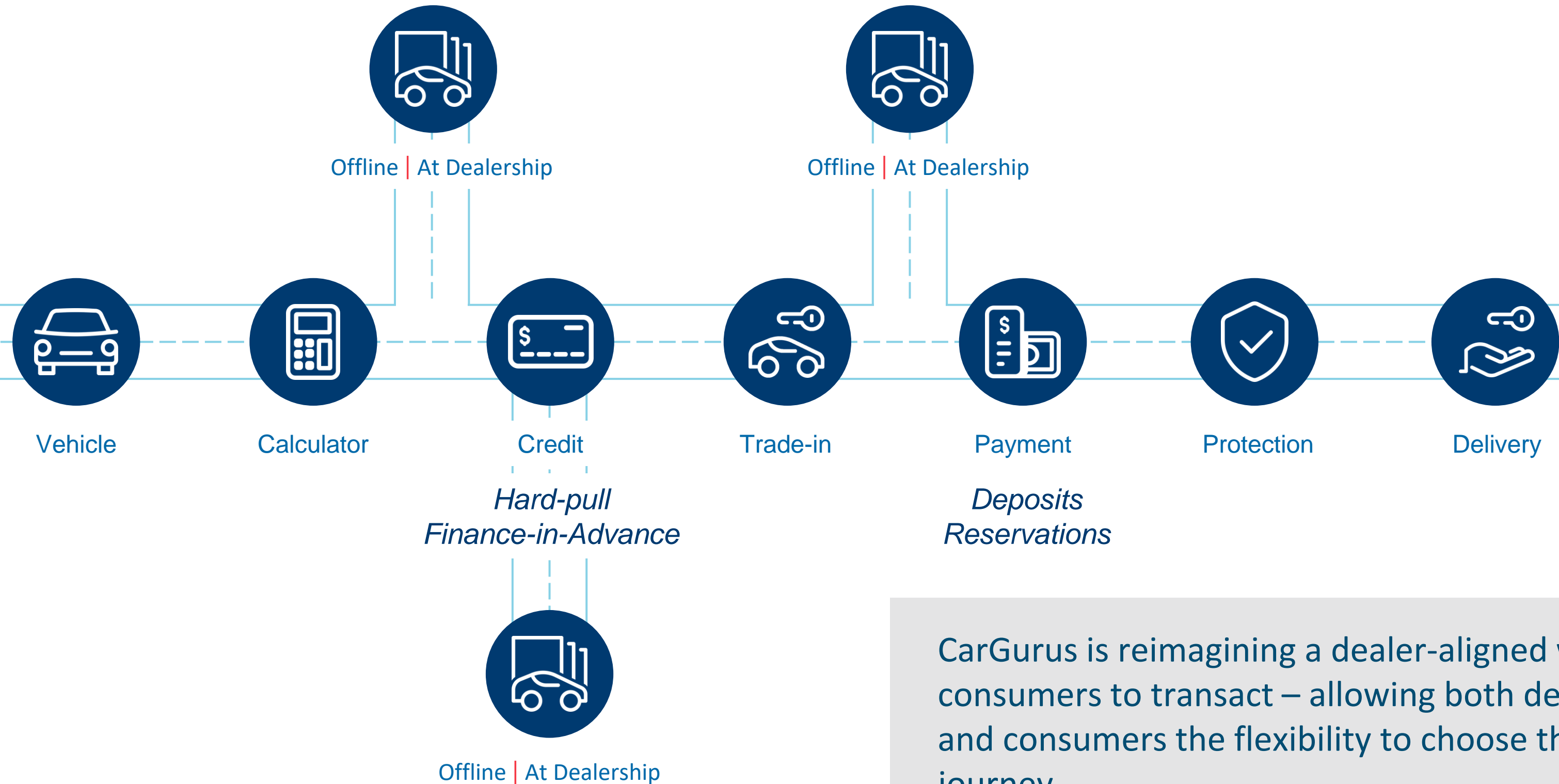
CarGurus[®]

Digital Deal

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

Sell My Car – Top Dealer Offers

Top Dealer Offers empowers consumers to get highly competitive offers and to choose between selling their vehicle at a local dealership or selling 100% online and provides dealers with another source for used inventory and high-intent shoppers

- 1 Dealer set parameters to generate bids
- 2 Consumer presses the “Sell My Car” button
- 3 Lead is submitted to the winning dealer
- 4 Consumer receives offers and accepts their choice

Congratulations, you got four offers!

Recommended dealer offer ⓘ

\$22,324

Offer valid until 11/30/2023

Best rated dealer

Dealer Name
★★★★★

We connected you with our recommended dealer.


✓ [2 Volvo XC40 2020 - 2023 available at this location](#)

📍 2 Canal Park Cambridge, MA 02141 8 miles away

🖥️ [Visit website](#)

📞 (222) 222-2222

[Request appointment](#)



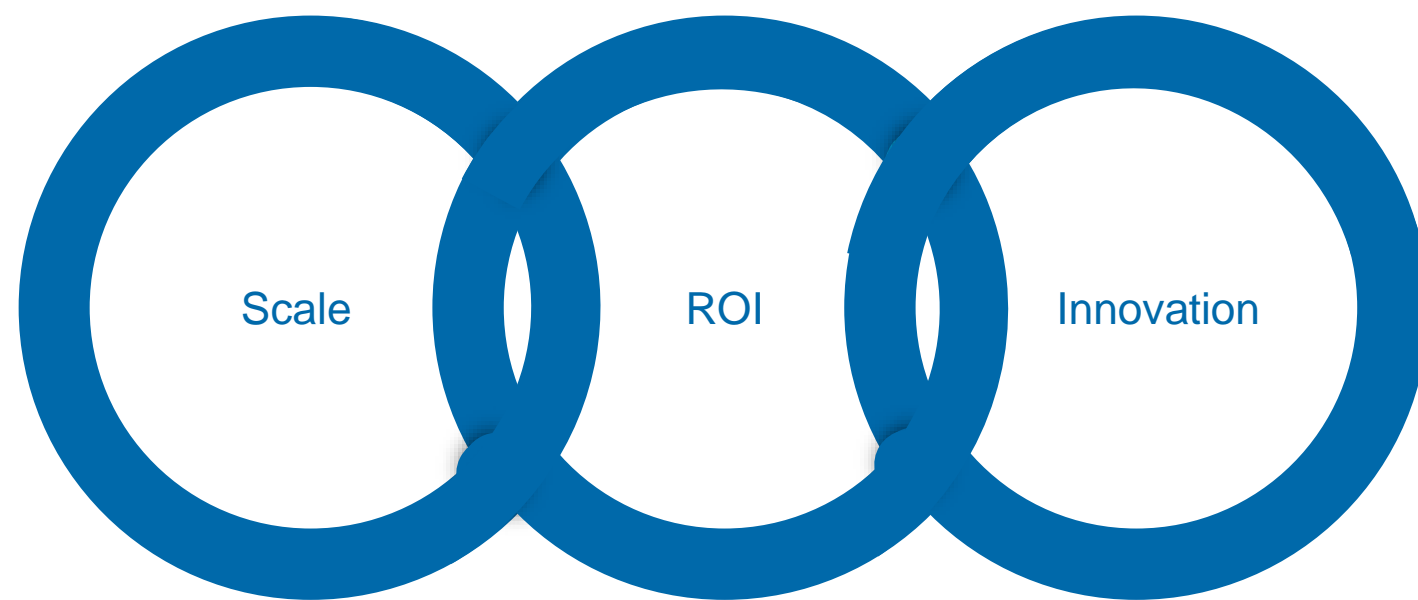
2019 Volvo XC40 T5 Momentum
VIN: 5TDJW5G15ES103966 | Mileage: 92,798

Vehicle value tracker
Get monthly updates about the value of your vehicle in your email.
Track value ON

This offer is from the listed participating dealer (and not CarGurus or its affiliate) and was selected taking into account various factors such as price, matching trade in inventory, dealer distance and rating. Dealer inspection required. Based on the dealer inspection, the offer amount shown may be decreased. CarGurus and its affiliates are not responsible for offer adjustments or if a participating dealer won't accept your vehicle. Dealers pay a fee to participate in this program. Terms and Conditions apply.

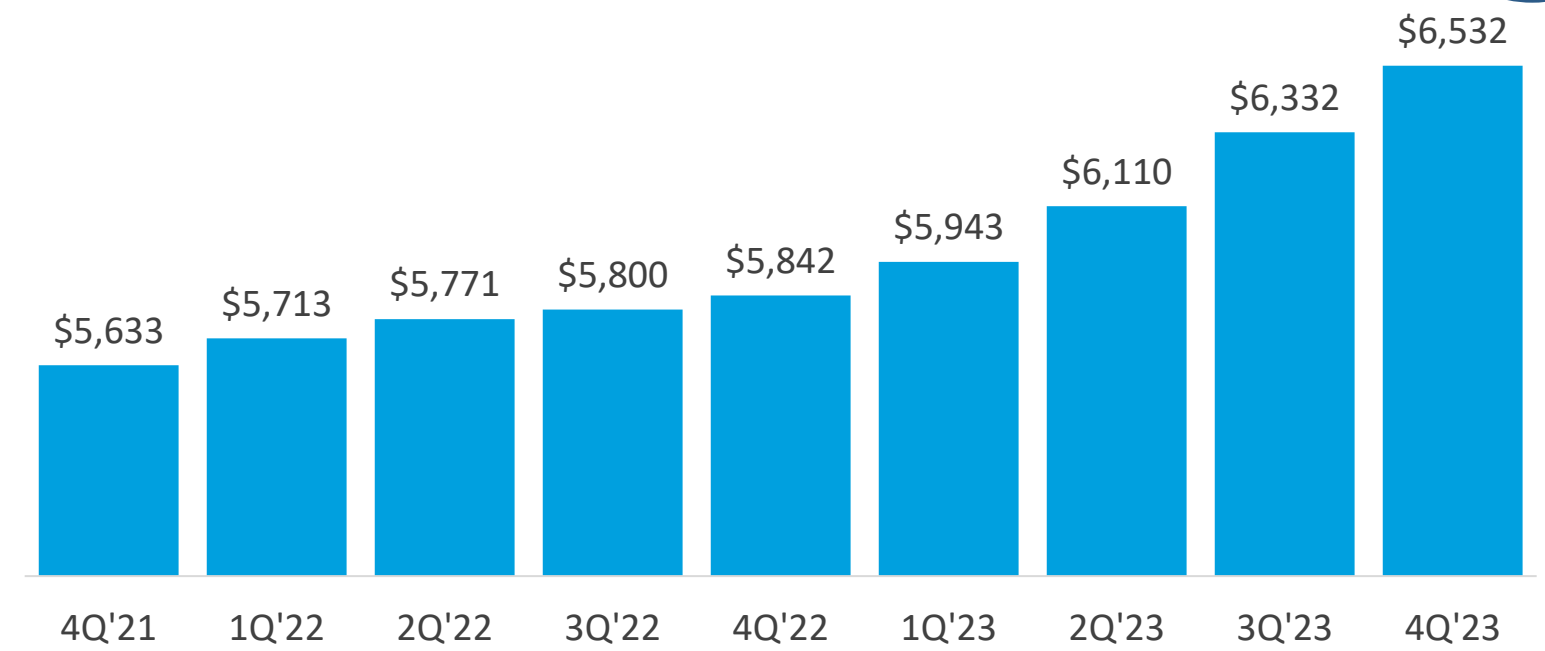
Resulting in our leading position

A Unique Combination

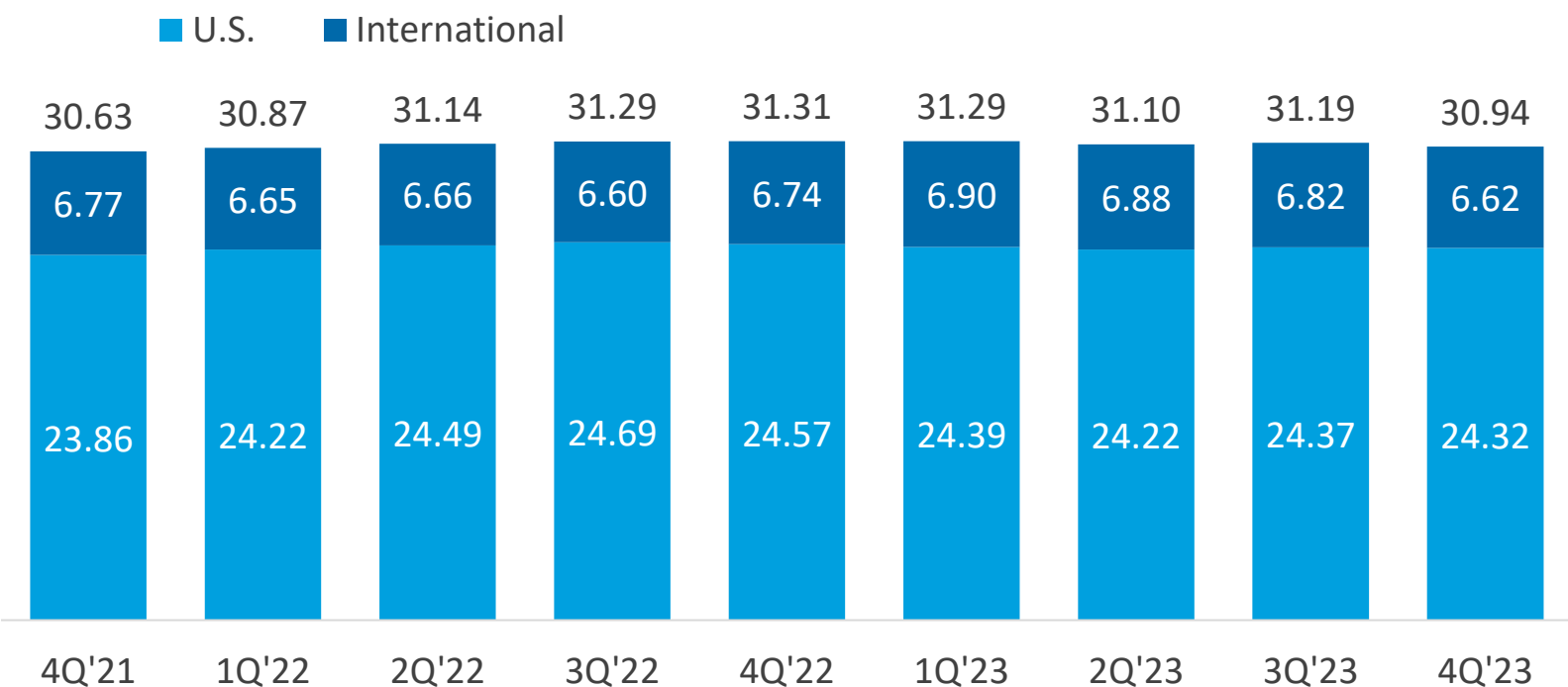


- Largest inventory & selection²
- Largest dealer network²
- Proprietary IMV
- Unique dealer ratings
- Rigorous deal ratings
- Customer-focused sort order

U.S. QARSD¹

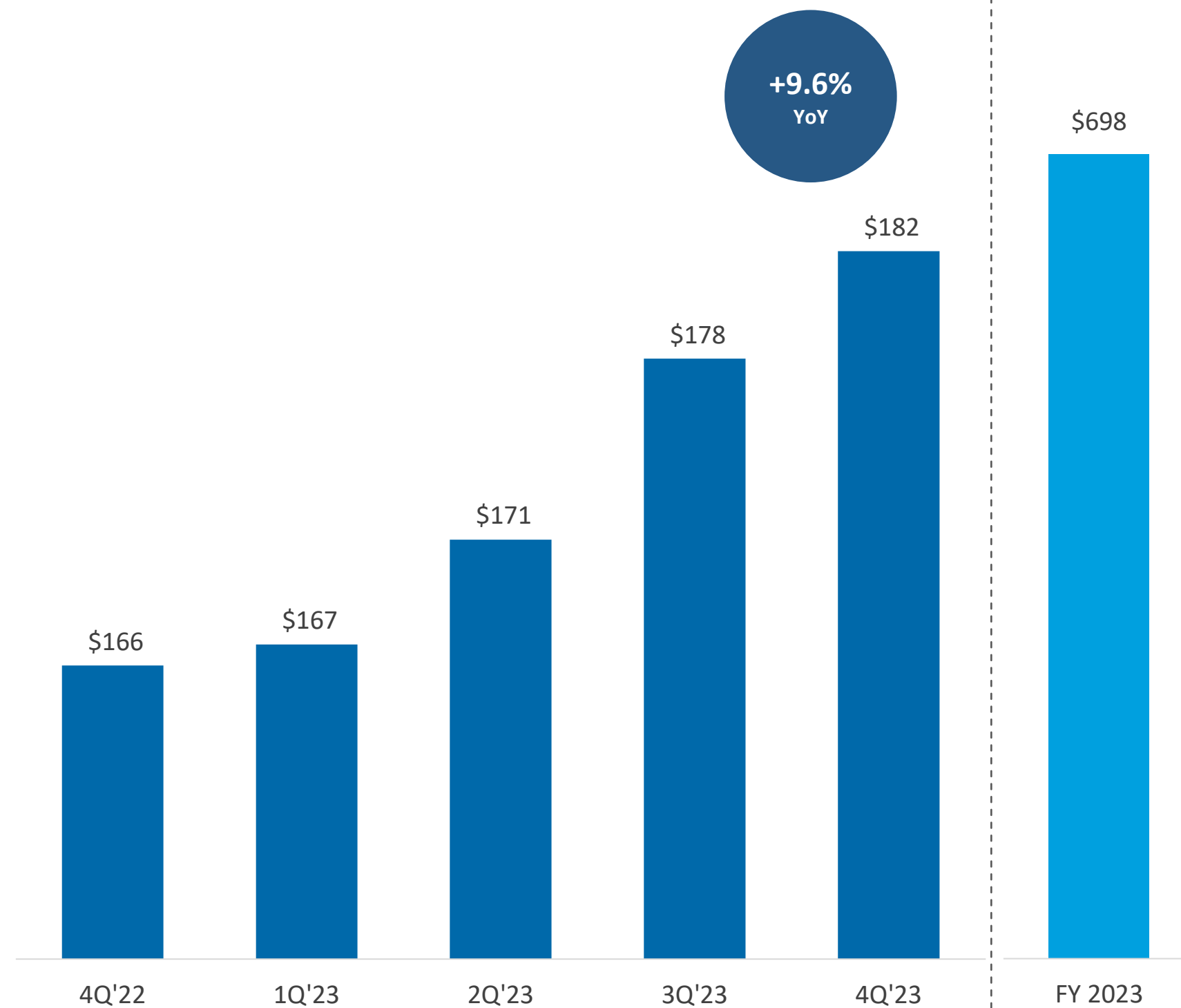


Paying Dealers (thousands)¹

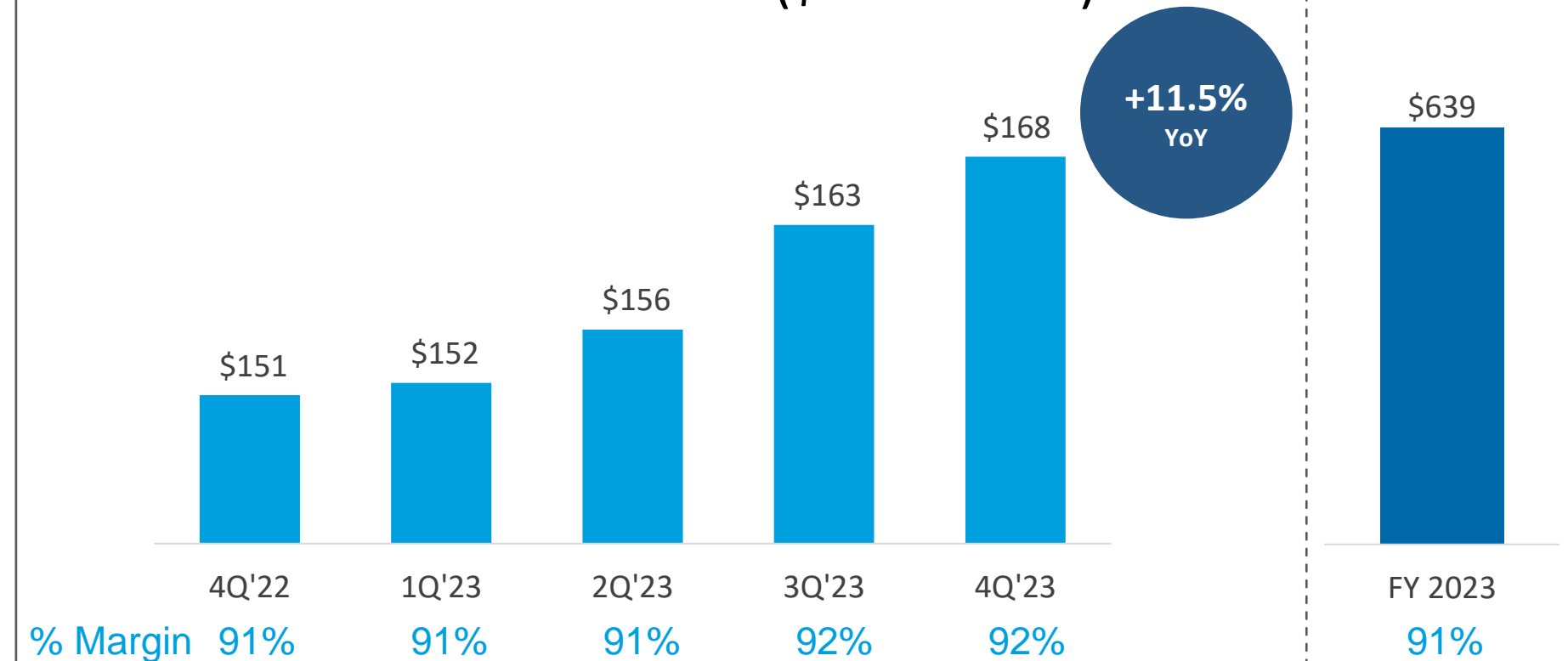


Marketplace (U.S. Segment & Other) Select Financials

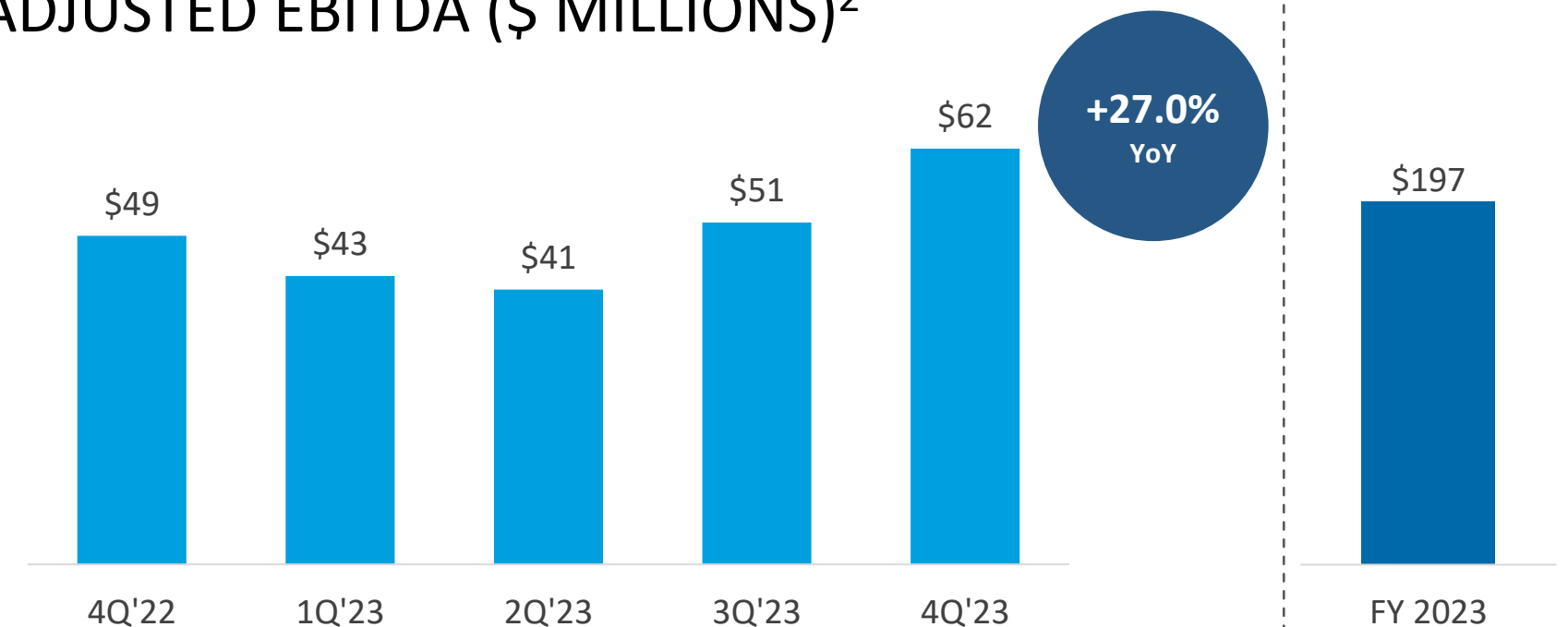
REVENUE (\$ MILLIONS)



NON-GAAP GROSS PROFIT (\$ MILLIONS)^{1,2}



ADJUSTED EBITDA (\$ MILLIONS)²



1. For the year ended December 31, 2022, Marketplace (U.S. Segment & Other) Gross Profit reflected certain Dealer-to-Dealer- and IMCO-related capitalized website development amortization incurred by the U.S. Marketplace segment. During the three months ended March 31, 2023, the Company updated Marketplace (U.S. Segment & Other) Gross Profit to exclude certain Dealer-to-Dealer- and IMCO-related capitalized website development amortization incurred by the U.S. Marketplace segment and accordingly updated three months ended March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022 for comparative purposes.

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

Digital Wholesale



Sell My Car: Instant Max Cash Offer—offering dealers the only direct-to-consumer channel at scale

Access to unique inventory is a differentiator for any wholesale platform

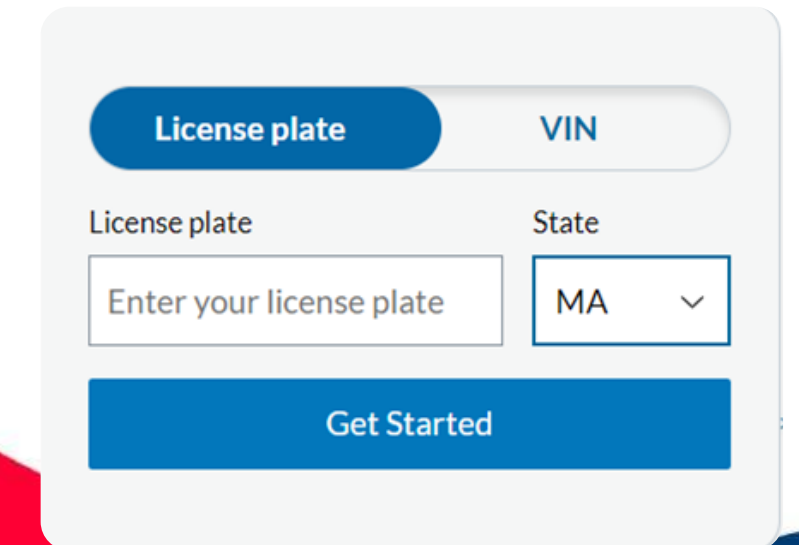
“ Like most dealerships today, we are leaving no stone unturned when it comes to inventory acquisition strategies, and the CarGurus Instant Max Cash Offer feature has opened up a stream of access to consumer-owned vehicles.”

Imed Chahed, GM at McGee Pre-Owned Superstore.

Sell your car 100% online

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

Get your offer

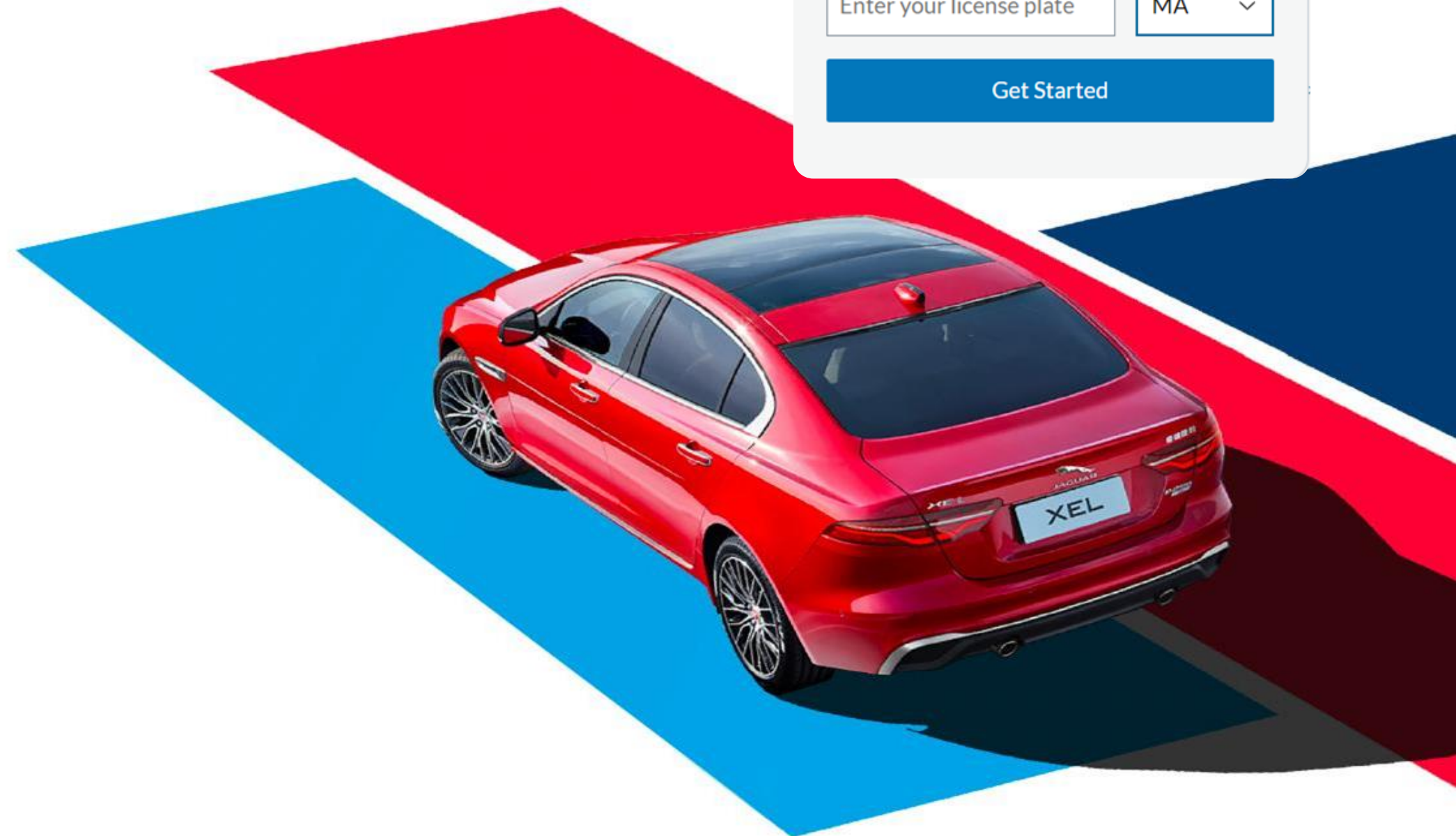


License plate VIN

License plate State

Enter your license plate MA

Get Started



CarOffer Platform: sustainably differentiated

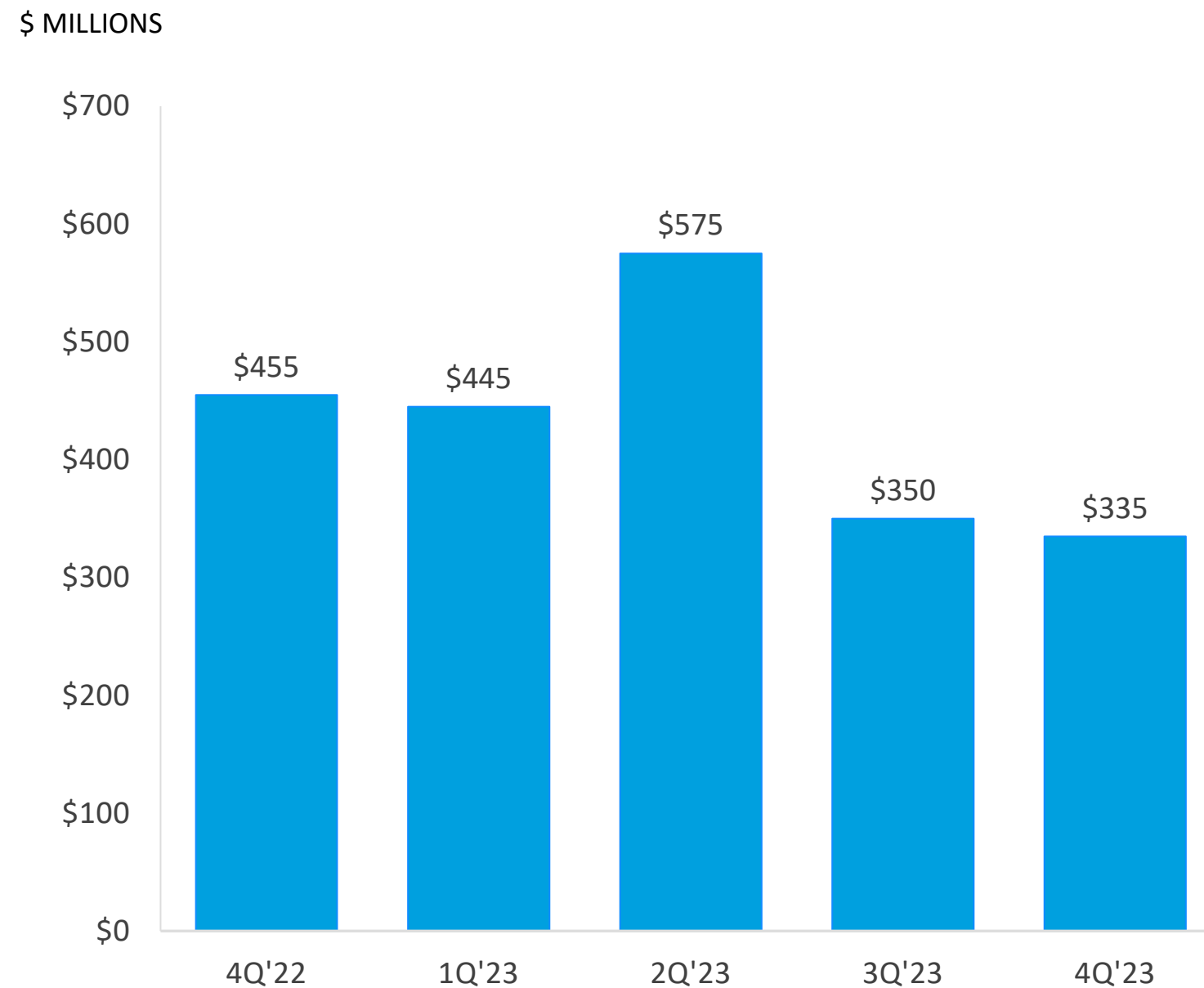
“ When you're an independent dealer, your time is spent mostly sourcing vehicles...**Every piece of inventory we purchase, we have to go find—and the key to that is CarGurus and CarOffer. Combining forces has given CarOffer the secret weapon, and that is they can use the Instant Market Value of CarGurus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

Jerad King, General Manager of King Buick GMC

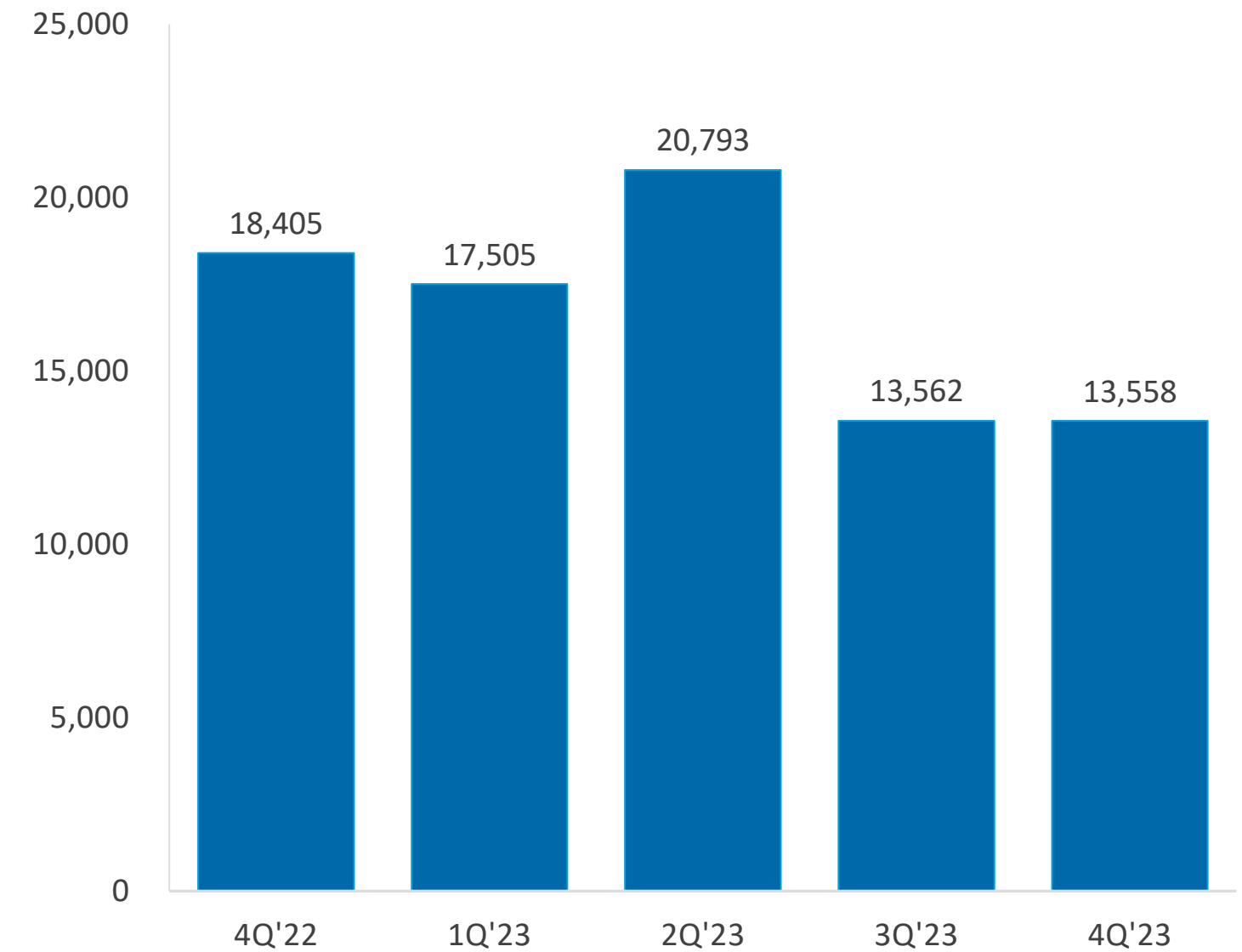
Efficient automatic inventory offers 24/7	Always-on 24/7 matrix	No geographic boundaries, nationwide transactions	Capital-efficient inspections, transportation, and payment
Enhanced sophistication	150,000+ active-matrix rules, trim/option matching	Matrix intelligence	
Scalable	Integrated wholesale-retail indices	Only consumer-to-dealer sourcing integration	

Digital Wholesale: GMS & Transactions

Gross Merchandise Sales (GMS)^{1 3}



Total Transactions^{2 3}



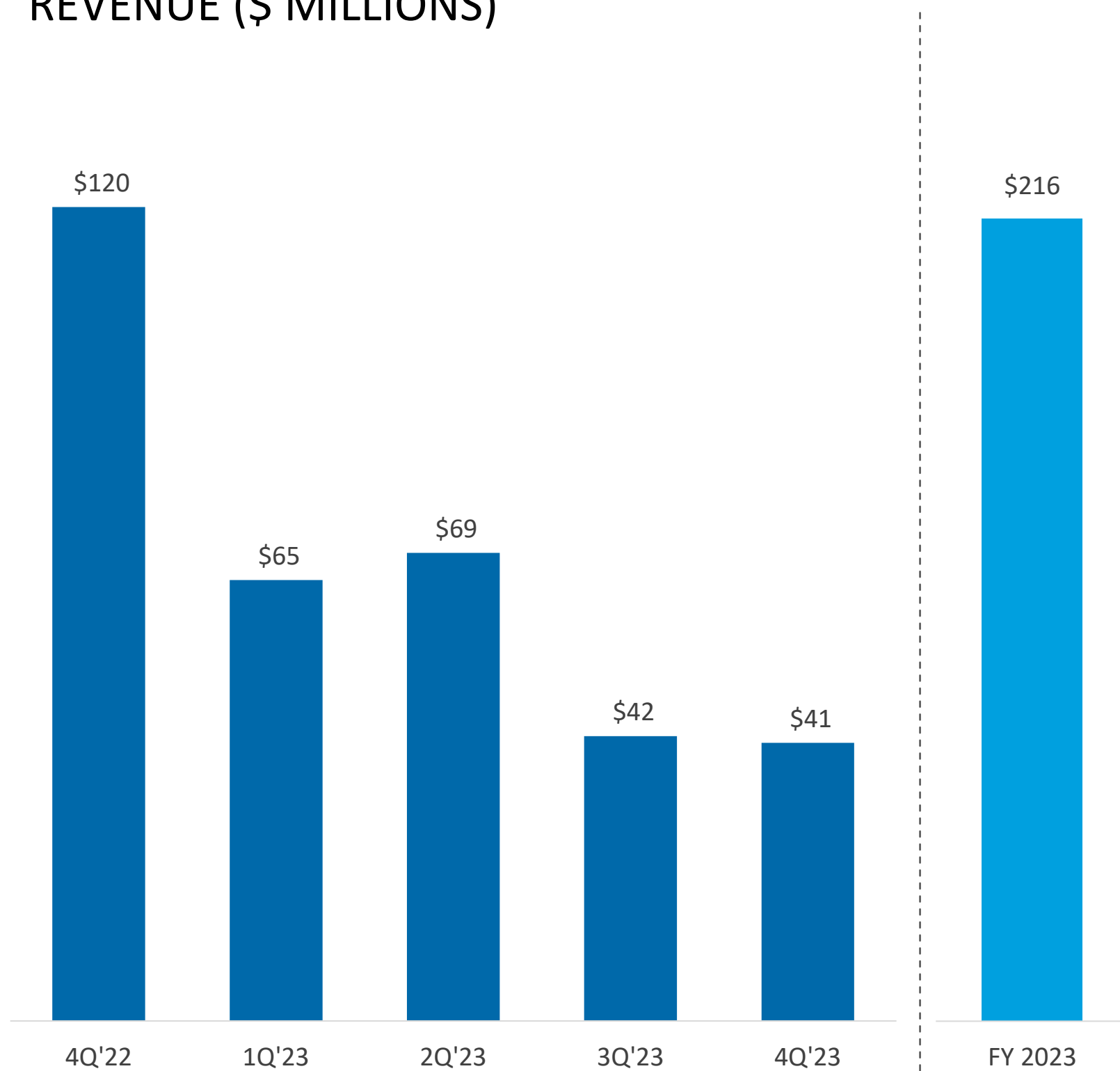
1. We define Gross Merchandise Sales (GMS) as the aggregate recorded vehicle cost remitted to the selling entity, excluding all fees and other charges associated with the Transactions, as separately defined, within the applicable period. We do not believe GMS is a KPI because the selling price of the vehicle is not material to assessing the health of and forecasting volume on our platform. GMS figures are rounded down to the closest \$5 million increment.

2. We define Transactions within the Digital Wholesale segment as the number of vehicles processed from car dealers, consumers, and other marketplaces through the CarOffer website within the applicable period. Transactions consists of each unique vehicle (based on vehicle identification number) that reaches "sold and invoiced" status on the CarOffer website within the applicable period, including vehicles sold to car dealers, vehicles sold at third-party auctions, vehicles ultimately sold to a different buyer, and vehicles that are returned to their owners without completion of a sale transaction. We exclude vehicles processed within CarOffer's intra-group trading solution (Group Trade) from the definition of Transactions, and we only count any unique vehicle once even if it reaches sold status multiple times.

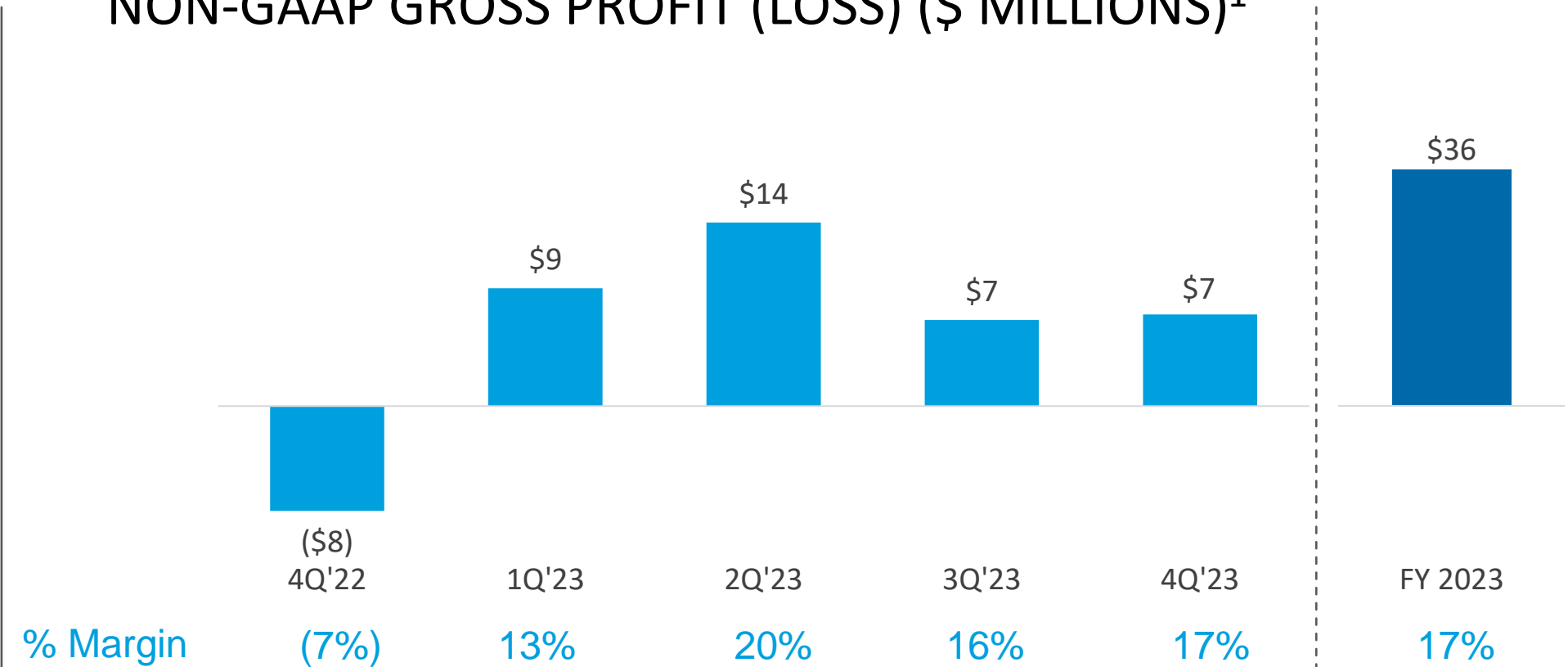
3. In prior periods, we calculated CarOffer Total Transactions as each unique vehicle that reached a particular "final destination" rather than our current methodology for calculating Transactions of counting each unique vehicle that reached "sold and invoiced" status. Under the prior period methodology, the count for a given period could change due to an adjustment in transaction status in a subsequent period. We believe the current methodology for calculating Transactions provides a more consistent and re-creatable measure. Relatedly, our prior period GMS calculations used underlying CarOffer Total Transaction counts based on the "final destination" methodology. We also calculated our prior period GMS as the aggregate recorded vehicle cost "paid to seller". Our current GMS calculation is based on the updated Transactions methodology and is calculated as the aggregate recorded vehicle cost remitted to the selling entity, which we believe results in a more consistent and re-creatable measure.

Digital Wholesale Select Financials

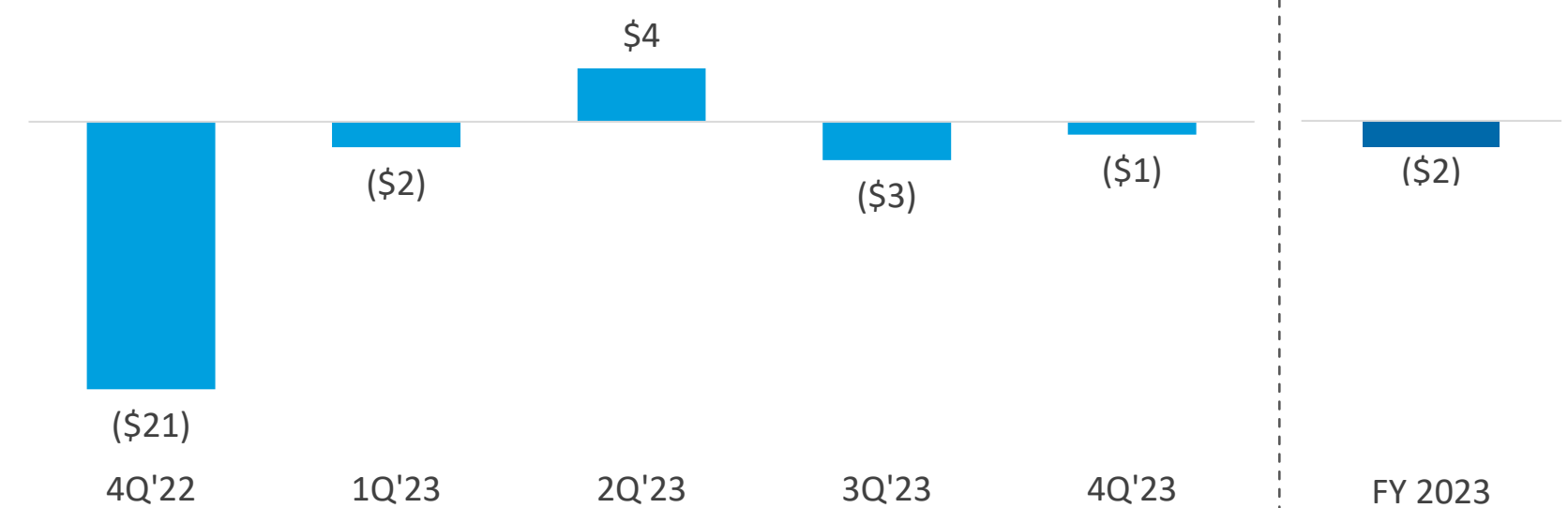
REVENUE (\$ MILLIONS)



NON-GAAP GROSS PROFIT (LOSS) (\$ MILLIONS)¹



ADJUSTED EBITDA (\$ MILLIONS)¹



Consolidated Financial Overview

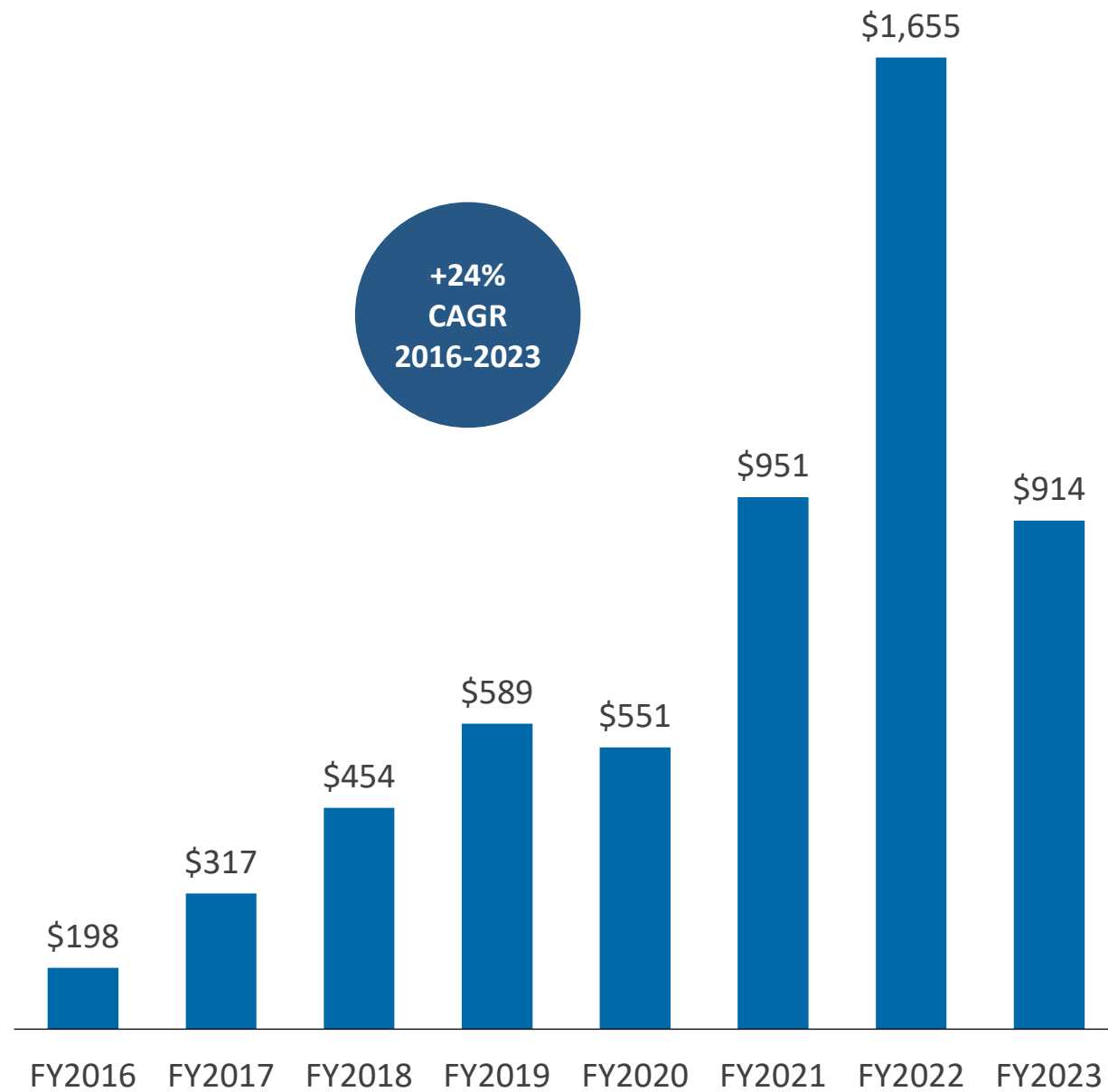


CarGurus financial highlights

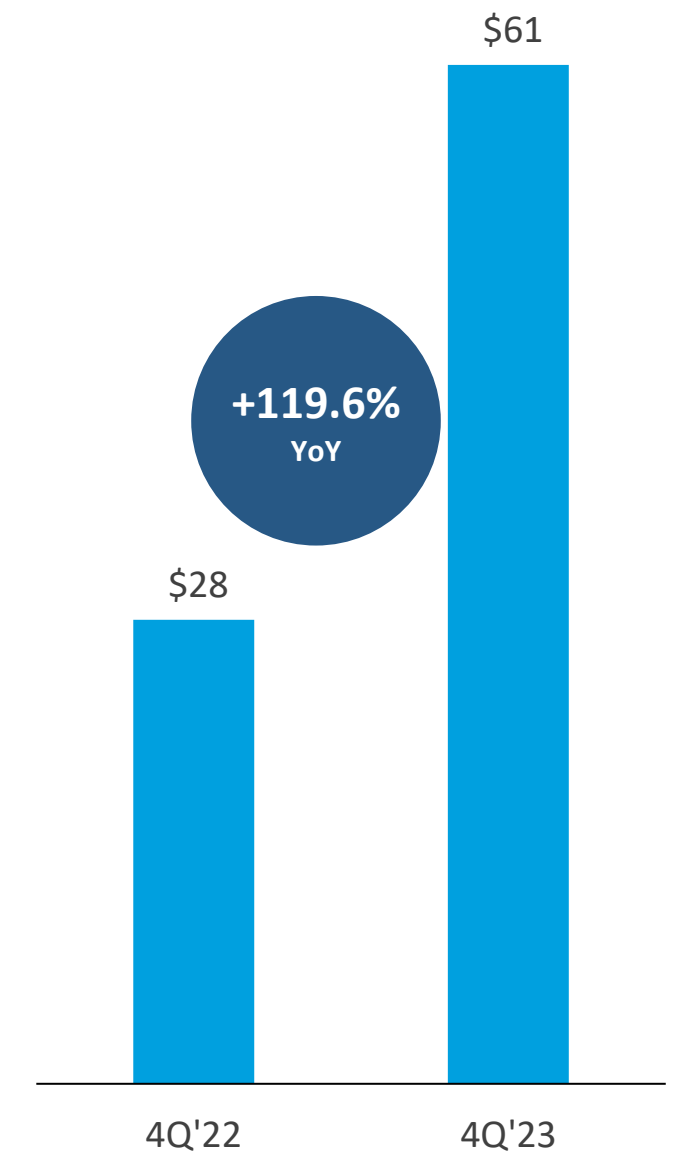
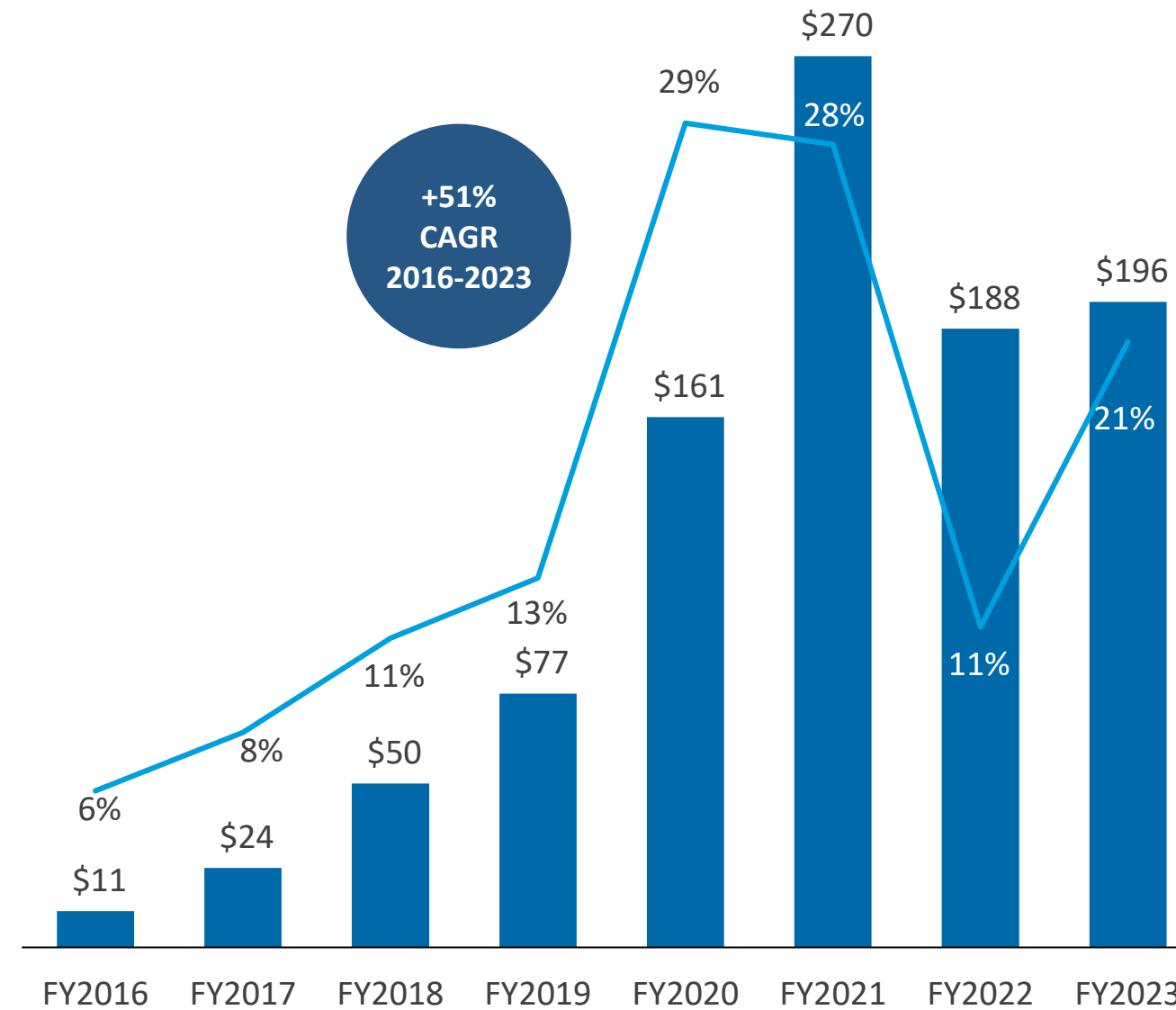
- 1 Strong track record of **revenue growth** in our foundational Marketplace business
- 2 End-to-end transaction-enabled Marketplace allows for **platform diversity**
- 3 Proven operating leverage and **profitability**
- 4 Attractive **free cash flow** generation
- 5 **High-quality revenue**: diversified customer base, transactional, & subscription revenue

Financial Performance

CONSOLIDATED REVENUE (\$ MILLIONS)



CONSOLIDATED ADJUSTED EBITDA (\$ MILLIONS)¹ and MARGIN



First Quarter 2024 Outlook

	1Q'24
Total Revenue	\$201 million - \$221 million
Marketplace Revenue	\$182 million - \$187 million
Non-GAAP Consolidated Adjusted EBITDA	\$41 million - \$49 million
Non-GAAP Earnings Per Share	\$0.24 - \$0.29

The first quarter of 2024 non-GAAP EPS calculation assumes 108.8 million diluted weighted-average common shares outstanding.

The assumptions that are built into guidance for the first quarter of 2024 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 first quarter of 2024 excludes macro-level industry issues that result in dealers and consumers materially changing their recent market behavior or that cause us to enact measures to assist dealers. Guidance also excludes any potential impact of foreign currency exchange gains or losses.

CarGurus has not reconciled its guidance of non-GAAP consolidated adjusted EBITDA to GAAP consolidated net income or non-GAAP consolidated EPS to GAAP consolidated EPS because reconciling items between such GAAP and non-GAAP financial measures, which include, as applicable, stock-based compensation, stock-based compensation for CarOffer, LLC Units, amortization of intangible assets, impairment of long-lived assets, depreciation expenses, non-intangible amortization, transaction-related expenses, other income, net, the provision for income taxes, and income tax effects, cannot be reasonably predicted due to, as applicable, the timing, amount, valuation, and number of future employee equity awards, and the uncertainty relating to the timing, frequency, and effect of acquisitions and the significance of the resulting transaction-related expenses, and therefore cannot be determined without unreasonable effort.

Appendix



Reconciliations of non-GAAP Marketplace (U.S. Marketplace Segment & Other) Gross Profit and non-GAAP Gross Margin

(\$ thousands)	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23
GAAP U.S. Marketplace Segment Revenue	\$ 155,092	\$ 155,621	\$ 158,443	\$ 164,323	\$ 168,897
GAAP Other Revenue	11,155	11,506	12,507	13,586	13,354
GAAP Marketplace Revenue	\$ 166,247	\$ 167,127	\$ 170,950	\$ 177,909	\$ 182,251
GAAP U.S. Marketplace Segment Cost of Revenue ¹	14,533	14,529	14,405	13,835	13,182
GAAP Other Cost of Revenue	1,089	1,007	1,072	991	1,011
GAAP Marketplace Cost of Revenue	\$ 15,622	\$ 15,536	\$ 15,477	\$ 14,826	\$ 14,193
GAAP Marketplace Gross Profit	150,625	151,591	155,473	163,083	168,058
Impact of Amortization of Intangible Assets in Marketplace Cost of Revenue	100	16	-	-	-
Impact of Stock-Based Compensation Expense in Marketplace Cost of Revenue	61	75	81	77	77
Non-GAAP Marketplace Gross Profit ²	\$ 150,786	\$ 151,682	\$ 155,554	\$ 163,160	\$ 168,135
GAAP Marketplace Gross Profit Margin	91%	91%	91%	92%	92%
Non-GAAP Marketplace Gross Profit Margin ³	91%	91%	91%	92%	92%

1. For the year ended December 31, 2022, U.S. Marketplace Segment Gross Profit reflected certain Dealer-to-Dealer- and IMCO-related capitalized website development amortization incurred by the U.S. Marketplace segment. During the three months ended March 31, 2023, the Company updated U.S. Marketplace Segment Gross Profit to exclude certain Dealer-to-Dealer- and IMCO-related capitalized website development amortization that had previously been incurred by the U.S. Marketplace segment and accordingly updated three months ended September 30, 2022, and December 31, 2022, for comparative purposes.

2. We define Non-GAAP Marketplace Gross Profit as the difference between GAAP Marketplace Revenue and GAAP Marketplace Cost of Revenue adjusted for the impacts of Amortization of Intangible Assets and Stock-Based Compensation Expense in GAAP Marketplace Cost of Revenue. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

3. We define Non-GAAP Marketplace Gross Profit Margin as Non-GAAP Marketplace Gross Profit divided by GAAP Marketplace Revenue. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

Reconciliations of non-GAAP Digital Wholesale Gross Profit (Loss) and non-GAAP Digital Wholesale Gross Profit (Loss) Margin

(\$ thousands)	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23
GAAP Wholesale Revenue	\$ 23,659	\$ 25,186	\$ 31,952	\$ 21,735	\$ 22,035
GAAP Product Revenue	96,838	39,650	36,835	19,775	18,838
GAAP Digital Wholesale Revenue	\$ 120,497	\$ 64,836	\$ 68,787	\$ 41,510	\$ 40,873
GAAP Wholesale Cost of Revenue ¹	29,957	22,068	24,428	21,284	22,286
GAAP Product Cost of Revenue	104,127	39,382	35,694	19,014	18,612
GAAP Digital Wholesale Cost of Revenue	\$ 134,084	\$ 61,450	\$ 60,122	\$ 40,298	\$ 40,898
GAAP Digital Wholesale Gross Profit (Loss)	(13,587)	3,386	8,665	1,212	(25)
Impact of Amortization of Intangible Assets in Digital Wholesale Cost of Revenue	5,250	5,250	5,250	5,250	5,250
Impact of Stock-Based Compensation Expense in Digital Wholesale Cost of Revenue	(3)	68	103	108	1,780
Non-GAAP Digital Wholesale Gross Profit ² (Loss)	\$ (8,340)	\$ 8,704	\$ 14,018	\$ 6,570	7,005
GAAP Digital Wholesale Gross Profit (Loss) Margin	(11%)	5%	13%	3%	(0%)
Non-GAAP Digital Wholesale Gross Profit (Loss) Margin ³	(7%)	13%	20%	16%	17%

1. For the year ended December 31, 2022, Digital Wholesale Gross Profit did not reflect certain Dealer-to-Dealer- and IMCO-related capitalized website development amortization incurred by the U.S. Marketplace segment. During the three months ended March 31, 2023, the Company updated Digital Wholesale Gross Profit to reflect certain Dealer-to-Dealer- and IMCO-related capitalized website development amortization incurred by the U.S. Marketplace segment and accordingly updated three months ended September 30, 2022, and December 31, 2022, for comparative purposes.

2. We define Non-GAAP Digital Wholesale Gross Profit as the difference between GAAP Digital Wholesale Revenue and GAAP Digital Wholesale Cost of Revenue adjusted for the impacts of Amortization of Intangible Assets and Stock-Based Compensation Expense in GAAP Digital Wholesale Cost of Revenue. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

3. We define Non-GAAP Digital Wholesale Gross Profit Margin as Non-GAAP Digital Wholesale Gross Profit divided by GAAP Digital Wholesale Revenue. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

Reconciliations of Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA

(\$ thousands)	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23
U.S. Marketplace Segment Income from Operations	\$ 35,613	\$ 26,539	\$ 24,619	\$ 33,285	\$ 43,281
Other (Loss) Income from Operations	(2,506)	(1,255)	(574)	1,462	1,653
GAAP Marketplace (U.S. Marketplace Segment & Other) Income from Operations ¹	\$ 33,107	\$ 25,284	\$ 24,045	\$ 34,747	44,934
Impact of Depreciation and Amortization ¹	3,180	2,883	2,966	3,136	3,224
Impact of Impairments of Long-Lived Assets	-	-	9	-	-
Impact of Stock-Based Compensation Expense	12,669	14,396	14,058	13,614	13,334
Impact of Transaction-Related Expenses	-	-	-	-	704
Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA ^{2 3}	\$ 48,956	\$ 42,563	\$ 41,078	\$ 51,497	\$ 62,196

1. For the year ended December 31, 2022, Marketplace (U.S. Marketplace Segment & Other) income from operations reflected certain Dealer-to-Dealer- and IMCO-related capitalized website development amortization incurred by the U.S. Marketplace segment. During the three months ended March 31, 2023, the Company updated Marketplace (U.S. Marketplace Segment & Other) income from operations to exclude certain Dealer-to-Dealer- and IMCO-related capitalized website development amortization incurred by the U.S. Marketplace segment and accordingly updated three months ended September 30, 2022, and December 31, 2022, for comparative purposes. Impact of depreciation and amortization was updated accordingly as well.

2. We define Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA, a non-GAAP measure, as GAAP Marketplace (U.S. Marketplace Segment & Other) Income from Operations, adjusted to exclude: Depreciation & Amortization; Impairment of Long-Lived Assets; Stock-Based Compensation Expense; and Acquisition-Related expenses. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

3. Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA plus Digital Wholesale Adjusted EBITDA may not equal Consolidated Adjusted EBITDA due to rounding.

Reconciliations of Digital Wholesale Adjusted EBITDA

(\$ thousands)	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23
GAAP Digital Wholesale Loss from Operations ¹	\$ (3,486)	\$ (11,225)	\$ (6,307)	\$ (11,652)	\$ (67,199)
Impact of Depreciation and Amortization ¹	8,551	8,693	8,702	9,334	9,537
Impact of Impairments of Long-Lived Assets	165	175	-	-	-
Impact of Stock-Based Compensation Expense	(26,340)	580	1,770	(577)	737
Impact of Stock-Based Compensation Expense from CarOffer, LLC Units	-	-	-	-	55,543
Impact of Transaction-related Expenses	-	-	-	-	340
Digital Wholesale Adjusted EBITDA ^{2 3}	\$ (21,110)	\$ (1,777)	\$ 4,165	\$ (2,895)	\$ (1,042)

1. For the year ended December 31, 2022, Digital Wholesale segment loss from operations did not reflect certain Dealer-to-Dealer- and IMCO-related capitalized website development amortization incurred by the U.S. Marketplace segment. During the three months ended March 31, 2023, the Company updated Digital Wholesale segment loss from operations to reflect certain Dealer-to-Dealer- and IMCO-related capitalized website development amortization incurred by the U.S. Marketplace segment and accordingly updated three months ended September 30, 2022, and December 31, 2022, for comparative purposes. Impact of depreciation and amortization was updated accordingly as well.

2. We define Digital Wholesale Adjusted EBITDA, a non-GAAP measure, as GAAP Digital Wholesale Income from Operations, adjusted to exclude: Depreciation & Amortization; Impairment of Long-Lived Assets; and Stock-Based Compensation Expense; We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

3. Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA plus Digital Wholesale Adjusted EBITDA may not equal Consolidated Adjusted EBITDA due to rounding.

Reconciliations of Consolidated Adjusted EBITDA

(\$ thousands)	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23	4Q'23
GAAP Consolidated Net Income	\$ 18,838	\$ 18,061	\$ 18,824	\$ 23,231	\$ 11,866	\$ 13,817	\$ 18,973	\$ (22,603)
Impact of Depreciation and Amortization	11,185	11,234	11,183	11,732	11,576	11,667	12,470	12,761
Impact of Impairments of Long-Lived Assets	-	-	-	165	175	9	-	-
Impact of Stock-Based Compensation Expense	14,147	13,432	13,971	13,227	14,977	14,602	14,263	14,071
Impact of Stock-Based Compensation Expense for CarOffer LLC, Units	13,695	13,025	(20,917)	(26,898)	-	1,225	(1,225)	55,543
Impact of Transaction-Related Expenses	-	-	-	-	-	-	-	1,044
Impact of Other (Income) Expense, Net	119	156	(200)	(2,959)	(4,338)	(4,680)	(4,167)	(5,875)
Impact of (Benefit From) Provision for Income Taxes	7,702	5,325	10,032	9,349	6,531	8,601	8,289	6,213
Consolidated Adjusted EBITDA ^{1 2}	\$ 65,686	\$ 61,233	\$ 32,893	\$ 27,847	\$ 40,787	\$ 45,241	\$ 48,603	\$ 61,154
Consolidated Adjusted EBITDA Margin	15%	12%	8%	10%	18%	19%	22%	27%

1. We define Consolidated Adjusted EBITDA, a non-GAAP measure, as GAAP Consolidated Net Income, adjusted to exclude: Depreciation & Amortization; Impairment of Long-Lived Assets; Stock-Based Compensation Expense; Acquisition-related Expenses; Other Income, Net and (Benefit From) Provision For Income Taxes. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

2. Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA plus Digital Wholesale Adjusted EBITDA may not equal Consolidated Adjusted EBITDA due to rounding.

Reconciliations of Consolidated Adjusted EBITDA

(\$ thousands)	FY2019	FY2020	FY2021	FY2022	FY2023
GAAP Consolidated Net Income	\$ 42,146	\$ 77,553	\$ 110,373	\$ 78,954	\$ 22,053
Impact of Depreciation and Amortization	7,817	10,191	40,476	45,334	48,474
Impact of Impairments of Long-Lived Assets	-	1,151	3,128	165	184
Impact of Stock-Based Compensation Expense	34,301	45,321	55,387	54,777	57,913
Impact of Stock-Based Compensation Expense for CarOffer, LLC Units	-	-	22,323	(21,095)	55,543
Impact of Transaction-Related Expenses	549	2,906	709	-	1,044
Impact of Restructuring Expenses	-	3,514	-	-	-
Impact of Other (Income) Expense, Net	(4,383)	(1,354)	(1,092)	(2,884)	(19,060)
Impact of (Benefit From) Provision for Income Taxes	(3,441)	21,557	38,987	32,408	29,634
Consolidated Adjusted EBITDA ^{1 2}	\$ 76,989	\$ 160,839	\$ 270,291	\$ 187,659	\$ 195,785

1. We define Consolidated Adjusted EBITDA, a non-GAAP measure, as GAAP Consolidated Net Income, adjusted to exclude: Depreciation & Amortization; Impairment of Long-Lived Assets; Stock-Based Compensation Expense; Acquisition-related Expenses; Restructuring Expenses; Other Income, Net and (Benefit From) Provision For Income Taxes. We believe this non-GAAP financial measure provides useful information that will allow investors to evaluate our operating performance.

2. Marketplace (U.S. Marketplace Segment & Other) Adjusted EBITDA plus Digital Wholesale Adjusted EBITDA may not equal Consolidated Adjusted EBITDA due to rounding.