

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q  
(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2025**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 001-38233**

  
**CarGurus, Inc.**  
(Exact Name of Registrant as Specified in its Charter)

**Delaware** **04-3843478**  
*(State or other jurisdiction of incorporation or organization)* *(I.R.S. Employer Identification No.)*

**1001 Boylston Street, 16<sup>th</sup> Floor Boston, Massachusetts 02115**  
*(Address of principal executive offices Zip Code)*  
**(617) 354-0068**

*(Registrant's telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:

**Class A Common Stock, par value \$0.001 per share** **CARG** **The Nasdaq Stock Market LLC (Nasdaq Global Select Market)**

*Title of Each Class* *Trading Symbol* *Name of Exchange on Which Registered*

| Indicate by check mark:                                                                                                                                                                                                                                                                                                              | Yes                                 | No                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| • whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| • whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).                                     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| • whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. |                                     |                                     |
| Large accelerated filer <input checked="" type="checkbox"/> Accelerated filer <input type="checkbox"/> Non-accelerated filer <input type="checkbox"/> Small reporting company <input type="checkbox"/> Emerging growth company <input type="checkbox"/>                                                                              |                                     |                                     |
| • If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.                                                                         |                                     | <input type="checkbox"/>            |
| • whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).                                                                                                                                                                                                                                          | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

As of October 31, 2025, the registrant had 81,236,954 shares of Class A common stock, \$0.001 par value per share, and 14,216,250 shares of Class B common stock, par value \$0.001 per share, outstanding.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or Quarterly Report, contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “aim,” “anticipates,” “believes,” “could,” “estimates,” “expects,” “goal,” “intends,” “may,” “might,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “target,” “will,” “would,” or similar expressions and the negatives of those terms. Forward-looking statements contained in this Quarterly Report include statements about:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit or gross margin, operating expenses, ability to generate cash flow, and ability to achieve and maintain future profitability;
- our growth strategies and our ability to effectively manage any growth;
- the value proposition of our product offerings for dealers and consumers;
- the ability of our combined suite of offerings to increase a dealer’s return on investment, add scale to our marketplace network, create synergies for dealers, and become the marketplace for all steps of the vehicle acquisition and sale processes;
- our evolution into a data- and intelligence-driven platform that supports dealers across their workflows and empowers consumers throughout their shopping journey;
- our ability to successfully implement our plan to wind down CarOffer, LLC, or CarOffer, including the Dealer-to-Dealer and Instant Max Cash Offer products, or the CarOffer Transactions Business, including delays or other problems arising from the activities concerning the intended wind-down;
- the expected costs and timing of our plan to wind down CarOffer, including the CarOffer Transactions Business;
- our ability to achieve expected organizational efficiencies after the successful wind-down of CarOffer, including the CarOffer Transactions Business;
- disruptions in our operations and relationships with dealers, customers, vendors, contractors, and employees resulting from our plan to wind down CarOffer, including the CarOffer Transactions Business;
- our ability to deliver quality leads at a high volume for our dealer customers and to provide the highest return on a dealer’s investment;
- our expectations for Sell My Car (formerly known as Sell My Car - Top Dealer Offers) as well as our digital retail offerings and continued investments;
- our ability to maintain and acquire new customers;
- our ability to maintain and build our brand;
- our belief that our partnerships with automotive lending companies provide more transparency to car shoppers and deliver highly qualified car shopper leads to participating dealers;
- the impact of competition in our industry and innovation by our competitors;
- our ability to adapt to technological change and effectively enhance, innovate, and scale our platform and offerings;
- our ability to realize benefits from our acquisitions and successfully implement the integration strategies in connection therewith;
- impairments of the carrying value of our goodwill or other assets;

- our ability to overcome challenges facing the automotive industry ecosystem, including inventory supply problems, global supply chain challenges, including disruptions to pre-existing supply chains and vendor relations, changes to trade policies or tariff regulations, financial market volatility and disruption, increased interest rates, inflationary concerns, and other macroeconomic issues, including uncertain or volatile economic conditions in the U.S. and abroad;
- our expectations regarding cash generation and the sufficiency of our cash to fund our operations;
- our expected returns on investments;
- our expectations regarding our deferred tax assets;
- the impact of changes in tax law and related guidance and regulations that may be implemented, including on tax rates, our business, and our financial results;
- our expectations regarding our expenses generally, including general and administrative, product, technology, and development, and sales and marketing expenses;
- domestic and global economic conditions affecting us or our customers;
- our expectations regarding the funding of our share repurchase program;
- our revolving credit facility;
- our ability to adequately protect our intellectual property;
- our ability to attract, hire, and retain necessary qualified employees to expand our operations;
- the impact of accounting pronouncements;
- our ability to stay abreast of, and effectively comply with, new or modified laws and regulations that currently apply or become applicable to our business and our beliefs regarding our compliance therewith;
- the impact of litigation and the potential impact of unasserted claims; and
- the future trading prices of our Class A common stock.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results, and growth prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors that are described in this Quarterly Report. We have included important risk factors in the cautionary statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the U.S. Securities and Exchange Commission, or SEC, on February 20, 2025, or Annual Report, particularly those discussed in Part I, Item 1A, “Risk Factors,” in our Annual Report and in Part II, Item 1A, “Risk Factors,” of this Quarterly Report, that could cause actual results or events to differ materially from the forward-looking statements that we make. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report. Further, our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, or joint ventures in which we may be involved, or investments we may make. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report speak only as of the date of this Quarterly Report. We undertake no obligation to update any forward-looking statement made in this Quarterly Report to reflect events or circumstances after the date of this Quarterly Report or to reflect new information or the occurrence of unanticipated events, except as required by law.

## NOTE REGARDING TRADEMARKS

CarGurus® and Autolist® are each a registered trademark of CarGurus, Inc., CarOffer® is a registered trademark of CarOffer, LLC, and PistonHeads® is a registered trademark of CarGurus Ireland Limited in the U.K. and the European Union. All other product names, trademarks, and registered trademarks are property of their respective owners. We have omitted the ® and ™ designations, as applicable, for the trademarks used in this Quarterly Report.

## PART I—FINANCIAL INFORMATION

### Item 1. Financial Statements.

**CarGurus, Inc.**  
**Unaudited Condensed Consolidated Balance Sheets**  
**(in thousands, except share and per share data)**

|                                                                                                                                                                                                     | As of<br>September 30,<br>2025 | As of<br>December 31,<br>2024 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| <b>Assets</b>                                                                                                                                                                                       |                                |                               |
| Current assets                                                                                                                                                                                      |                                |                               |
| Cash and cash equivalents                                                                                                                                                                           | \$ 178,834                     | \$ 304,193                    |
| Accounts receivable, net of allowance for doubtful accounts of \$1,186 and \$788, respectively                                                                                                      | 39,612                         | 44,248                        |
| Inventory                                                                                                                                                                                           | —                              | 338                           |
| Prepaid expenses, prepaid income taxes, and other current assets                                                                                                                                    | 36,078                         | 27,868                        |
| Deferred contract costs                                                                                                                                                                             | 14,843                         | 12,523                        |
| Restricted cash                                                                                                                                                                                     | 21                             | 2,036                         |
| Total current assets                                                                                                                                                                                | 269,388                        | 391,206                       |
| Property and equipment, net                                                                                                                                                                         | 132,934                        | 130,010                       |
| Intangible assets, net                                                                                                                                                                              | 3,493                          | 11,767                        |
| Goodwill                                                                                                                                                                                            | 28,409                         | 46,167                        |
| Operating lease right-of-use assets                                                                                                                                                                 | 116,665                        | 121,484                       |
| Deferred tax assets                                                                                                                                                                                 | 92,706                         | 106,672                       |
| Deferred contract costs, net of current portion                                                                                                                                                     | 12,842                         | 13,196                        |
| Other non-current assets                                                                                                                                                                            | 4,035                          | 4,034                         |
| Total assets                                                                                                                                                                                        | <u>\$ 660,472</u>              | <u>\$ 824,536</u>             |
| <b>Liabilities and stockholders' equity</b>                                                                                                                                                         |                                |                               |
| Current liabilities                                                                                                                                                                                 |                                |                               |
| Accounts payable                                                                                                                                                                                    | \$ 30,350                      | \$ 26,410                     |
| Accrued expenses, accrued income taxes, and other current liabilities                                                                                                                               | 30,546                         | 35,975                        |
| Deferred revenue                                                                                                                                                                                    | 23,643                         | 21,661                        |
| Operating lease liabilities                                                                                                                                                                         | 9,317                          | 9,005                         |
| Total current liabilities                                                                                                                                                                           | 93,856                         | 93,051                        |
| Operating lease liabilities                                                                                                                                                                         | 183,944                        | 183,739                       |
| Deferred tax liabilities                                                                                                                                                                            | 26                             | 26                            |
| Other non-current liabilities                                                                                                                                                                       | 7,197                          | 6,031                         |
| Total liabilities                                                                                                                                                                                   | 285,023                        | 282,847                       |
| Commitments and contingencies (Note 10)                                                                                                                                                             |                                |                               |
| Stockholders' equity                                                                                                                                                                                |                                |                               |
| Preferred stock, \$0.001 par value per share; 10,000,000 shares authorized; no shares issued and outstanding                                                                                        | —                              | —                             |
| Class A common stock, \$0.001 par value per share; 500,000,000 shares authorized; 81,908,990 and 89,002,571 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively | 82                             | 89                            |
| Class B common stock, \$0.001 par value per share; 100,000,000 shares authorized; 14,216,250 and 14,986,745 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively | 14                             | 15                            |
| Additional paid-in capital                                                                                                                                                                          | 6,776                          | 169,013                       |
| Retained earnings                                                                                                                                                                                   | 367,187                        | 375,119                       |
| Accumulated other comprehensive income (loss)                                                                                                                                                       | 1,390                          | (2,547)                       |
| Total stockholders' equity                                                                                                                                                                          | 375,449                        | 541,689                       |
| Total liabilities and stockholders' equity                                                                                                                                                          | <u>\$ 660,472</u>              | <u>\$ 824,536</u>             |

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

# CarGurus, Inc.

## Unaudited Condensed Consolidated Income Statements

(in thousands, except share and per share data)

|                                                                                                                                           | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------|------------------------------------|-------------|
|                                                                                                                                           | 2025                                | 2024        | 2025                               | 2024        |
| Revenue                                                                                                                                   |                                     |             |                                    |             |
| Marketplace                                                                                                                               | \$ 231,653                          | \$ 204,019  | \$ 665,886                         | \$ 586,405  |
| Wholesale                                                                                                                                 | 2,249                               | 12,107      | 16,271                             | 41,351      |
| Product                                                                                                                                   | 4,794                               | 15,232      | 15,730                             | 38,090      |
| Total revenue                                                                                                                             | 238,696                             | 231,358     | 697,887                            | 665,846     |
| Cost of revenue <sup>(1)</sup>                                                                                                            |                                     |             |                                    |             |
| Marketplace                                                                                                                               | 16,946                              | 13,521      | 46,755                             | 41,051      |
| Wholesale <sup>(2)</sup>                                                                                                                  | 3,366                               | 20,415      | 17,883                             | 47,272      |
| Product                                                                                                                                   | 4,852                               | 14,871      | 15,628                             | 37,567      |
| Total cost of revenue                                                                                                                     | 25,164                              | 48,807      | 80,266                             | 125,890     |
| Gross profit                                                                                                                              | 213,532                             | 182,551     | 617,621                            | 539,956     |
| Operating expenses                                                                                                                        |                                     |             |                                    |             |
| Sales and marketing                                                                                                                       | 89,368                              | 81,216      | 260,421                            | 245,801     |
| Product, technology, and development                                                                                                      | 36,316                              | 36,359      | 106,936                            | 108,484     |
| General and administrative                                                                                                                | 28,463                              | 28,187      | 82,305                             | 83,682      |
| Impairments                                                                                                                               | —                                   | 7,026       | 29,633                             | 134,501     |
| Depreciation and amortization                                                                                                             | 4,711                               | 2,329       | 13,053                             | 7,354       |
| Total operating expenses                                                                                                                  | 158,858                             | 155,117     | 492,348                            | 579,822     |
| Income (loss) from operations                                                                                                             | 54,674                              | 27,434      | 125,273                            | (39,866)    |
| Other income, net                                                                                                                         |                                     |             |                                    |             |
| Interest income                                                                                                                           | 2,292                               | 2,717       | 7,524                              | 9,063       |
| Other (expense) income, net                                                                                                               | (399)                               | (94)        | (271)                              | 122         |
| Total other income, net                                                                                                                   | 1,893                               | 2,623       | 7,253                              | 9,185       |
| Income (loss) before income taxes                                                                                                         | 56,567                              | 30,057      | 132,526                            | (30,681)    |
| Provision for (benefit from) income taxes                                                                                                 | 11,850                              | 7,546       | 26,421                             | (5,772)     |
| Net income (loss)                                                                                                                         | \$ 44,717                           | \$ 22,511   | \$ 106,105                         | \$ (24,909) |
| Net income (loss) per share attributable to common stockholders<br>(Note 12)                                                              |                                     |             |                                    |             |
| Basic                                                                                                                                     | \$ 0.46                             | \$ 0.22     | \$ 1.06                            | \$ (0.24)   |
| Diluted                                                                                                                                   | \$ 0.45                             | \$ 0.21     | \$ 1.04                            | \$ (0.24)   |
| Weighted-average number of shares of common stock used in<br>computing net income (loss) per share attributable to common<br>stockholders |                                     |             |                                    |             |
| Basic                                                                                                                                     | 98,170,081                          | 103,321,988 | 100,033,516                        | 104,769,518 |
| Diluted                                                                                                                                   | 99,722,575                          | 105,059,283 | 101,640,190                        | 104,769,518 |

(1) For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, cost of revenue includes depreciation and amortization expense of \$2,645, \$2,849, \$7,539, and \$10,968, respectively.

(2) For the three months ended September 30, 2025, there was no impairment recorded in cost of revenue. For the three months ended September 30, 2024 and for the nine months ended September 30, 2025 and 2024, cost of revenue includes impairment of \$9,750, \$2,919, and \$9,930, respectively.

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

CarGurus, Inc.

Unaudited Condensed Consolidated Statements of Comprehensive Income

(in thousands)

|                                         | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                    |
|-----------------------------------------|-------------------------------------|------------------|------------------------------------|--------------------|
|                                         | 2025                                | 2024             | 2025                               | 2024               |
| Net income (loss)                       | \$ 44,717                           | \$ 22,511        | \$ 106,105                         | \$ (24,909)        |
| Other comprehensive income              |                                     |                  |                                    |                    |
| Foreign currency translation adjustment | 20                                  | 1,382            | 3,937                              | 580                |
| Comprehensive income (loss)             | <u>\$ 44,737</u>                    | <u>\$ 23,893</u> | <u>\$ 110,042</u>                  | <u>\$ (24,329)</u> |

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

# CarGurus, Inc.

## Unaudited Condensed Consolidated Statements of Stockholders' Equity

(in thousands, except share data)

|                                                                                 | Class A<br>Common Stock |        | Class B<br>Common Stock |        | Additional<br>Paid-in | Retained   | Accumulat<br>ed<br>Other<br>Comprehe<br>nsive<br>(Loss)<br>Income | Total<br>Stockholde<br>rs'<br>Equity |
|---------------------------------------------------------------------------------|-------------------------|--------|-------------------------|--------|-----------------------|------------|-------------------------------------------------------------------|--------------------------------------|
|                                                                                 | Shares                  | Amount | Shares                  | Amount | Capital               | Earnings   |                                                                   |                                      |
| Balance as of December 31, 2024                                                 | 89,002,571              | \$ 89  | 14,986,745              | \$ 15  | \$ 169,013            | \$ 375,119 | \$ (2,547)                                                        | \$ 541,689                           |
| Net income                                                                      | —                       | —      | —                       | —      | —                     | 39,045     | —                                                                 | 39,045                               |
| Stock-based compensation expense                                                | —                       | —      | —                       | —      | 14,538                | —          | —                                                                 | 14,538                               |
| Issuance of common stock upon exercise of stock options                         | 16,426                  | —      | —                       | —      | 394                   | —          | —                                                                 | 394                                  |
| Issuance of common stock upon vesting of restricted stock units                 | 715,951                 | —      | —                       | —      | —                     | —          | —                                                                 | —                                    |
| Payment of withholding taxes on net share settlements of restricted stock units | (251,366)               | —      | —                       | —      | (8,987)               | —          | —                                                                 | (8,987)                              |
| Repurchase of common stock                                                      | (5,919,435)             | (6)    | —                       | —      | (168,183)             | (17,678)   | —                                                                 | (185,867)                            |
| Conversion of common stock                                                      | 770,495                 | 1      | (770,495)               | (1)    | —                     | —          | —                                                                 | —                                    |
| Foreign currency translation adjustment                                         | —                       | —      | —                       | —      | —                     | —          | 1,238                                                             | 1,238                                |
| Balance as of March 31, 2025                                                    | 84,334,642              | \$ 84  | 14,216,250              | \$ 14  | \$ 6,775              | \$ 396,486 | \$ (1,309)                                                        | \$ 402,050                           |
| Net income                                                                      | —                       | —      | —                       | —      | —                     | \$ 22,343  | \$ —                                                              | \$ 22,343                            |
| Stock-based compensation expense                                                | —                       | —      | —                       | —      | 14,883                | —          | —                                                                 | 14,883                               |
| Issuance of common stock upon exercise of stock options                         | 1,500                   | —      | —                       | —      | 10                    | —          | —                                                                 | 10                                   |
| Issuance of common stock upon vesting of restricted stock units                 | 630,591                 | 1      | —                       | —      | (1)                   | —          | —                                                                 | —                                    |
| Payment of withholding taxes on net share settlements of restricted stock units | (216,786)               | —      | —                       | —      | (6,343)               | —          | —                                                                 | (6,343)                              |
| Repurchase of common stock                                                      | (11,004)                | —      | —                       | —      | 42                    | (187)      | —                                                                 | (145)                                |
| Foreign currency translation adjustment                                         | —                       | —      | —                       | —      | —                     | —          | 2,679                                                             | 2,679                                |
| Balance as of June 30, 2025                                                     | 84,738,943              | \$ 85  | 14,216,250              | \$ 14  | \$ 15,366             | \$ 418,642 | \$ 1,370                                                          | \$ 435,477                           |
| Net income                                                                      | —                       | —      | —                       | —      | —                     | \$ 44,717  | \$ —                                                              | \$ 44,717                            |
| Stock-based compensation expense                                                | —                       | —      | —                       | —      | 14,365                | —          | —                                                                 | 14,365                               |
| Issuance of common stock upon exercise of stock options                         | 3,720                   | —      | —                       | —      | 25                    | —          | —                                                                 | 25                                   |
| Issuance of common stock upon vesting of restricted stock units                 | 623,078                 | —      | —                       | —      | —                     | —          | —                                                                 | —                                    |
| Payment of withholding taxes on net share settlements of restricted stock units | (223,102)               | —      | —                       | —      | (7,526)               | —          | —                                                                 | (7,526)                              |
| Repurchase of common stock                                                      | (3,233,649)             | (3)    | —                       | —      | (15,454)              | (96,172)   | —                                                                 | (111,629)                            |
| Foreign currency translation adjustment                                         | —                       | —      | —                       | —      | —                     | —          | 20                                                                | 20                                   |
| Balance as of September 30, 2025                                                | 81,908,990              | \$ 82  | 14,216,250              | \$ 14  | \$ 6,776              | \$ 367,187 | \$ 1,390                                                          | \$ 375,449                           |

|                                                                                 | Class A<br>Common Stock |        | Class B<br>Common Stock |        | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulat<br>ed<br>Other<br>Comprehe<br>nsive<br>(Loss)<br>Income | Total<br>Stockholders'<br>Equity |
|---------------------------------------------------------------------------------|-------------------------|--------|-------------------------|--------|----------------------------------|----------------------|-------------------------------------------------------------------|----------------------------------|
|                                                                                 | Shares                  | Amount | Shares                  | Amount |                                  |                      |                                                                   |                                  |
| Balance as of December 31, 2023                                                 | 92,175,243              | \$ 92  | 15,999,173              | \$ 16  | \$ 263,498                       | \$ 354,147           | \$ (901)                                                          | \$ 616,852                       |
| Net income                                                                      | —                       | —      | —                       | —      | —                                | 21,301               | —                                                                 | 21,301                           |
| Stock-based compensation expense                                                | —                       | —      | —                       | —      | 17,649                           | —                    | —                                                                 | 17,649                           |
| Issuance of common stock upon exercise of stock options                         | 36,455                  | —      | —                       | —      | 11                               | —                    | —                                                                 | 11                               |
| Issuance of common stock upon vesting of restricted stock units                 | 615,383                 | 1      | —                       | —      | (1)                              | —                    | —                                                                 | —                                |
| Payment of withholding taxes on net share settlements of restricted stock units | (213,042)               | —      | —                       | —      | (5,097)                          | —                    | —                                                                 | (5,097)                          |
| Repurchase of common stock                                                      | (3,538,194)             | (4)    | —                       | —      | (81,751)                         | —                    | —                                                                 | (81,755)                         |
| Foreign currency translation adjustment                                         | —                       | —      | —                       | —      | —                                | —                    | (599)                                                             | (599)                            |
| Balance as of March 31, 2024                                                    | 89,075,845              | \$ 89  | 15,999,173              | \$ 16  | \$ 194,309                       | \$ 375,448           | \$ (1,500)                                                        | \$ 568,362                       |
| Net loss                                                                        | —                       | —      | —                       | —      | —                                | \$ (68,721)          | —                                                                 | \$ (68,721)                      |
| Stock-based compensation expense                                                | —                       | —      | —                       | —      | 17,198                           | —                    | —                                                                 | 17,198                           |
| Issuance of common stock upon exercise of stock options                         | 54,382                  | —      | —                       | —      | 15                               | —                    | —                                                                 | 15                               |
| Issuance of common stock upon vesting of restricted stock units                 | 803,405                 | 1      | —                       | —      | (1)                              | —                    | —                                                                 | —                                |
| Payment of withholding taxes on net share settlements of restricted stock units | (273,422)               | —      | —                       | —      | (6,291)                          | —                    | —                                                                 | (6,291)                          |
| Repurchase of common stock                                                      | (2,654,807)             | (3)    | —                       | —      | (61,791)                         | —                    | —                                                                 | (61,794)                         |
| Other <sup>(1)</sup>                                                            | —                       | —      | —                       | —      | 3,507                            | —                    | —                                                                 | 3,507                            |
| Foreign currency translation adjustment                                         | —                       | —      | —                       | —      | —                                | —                    | (203)                                                             | (203)                            |
| Balance at June 30, 2024                                                        | 87,005,440              |        | 15,999,173              |        |                                  |                      |                                                                   |                                  |
|                                                                                 | 3                       | \$ 87  | 73                      | \$ 16  | \$ 146,946                       | \$ 306,727           | \$ (1,703)                                                        | \$ 452,073                       |
| Net income                                                                      | —                       | —      | —                       | —      | —                                | \$ 22,511            | —                                                                 | \$ 22,511                        |
| Stock-based compensation expense                                                | —                       | —      | —                       | —      | 16,994                           | —                    | —                                                                 | 16,994                           |
| Issuance of common stock upon exercise of stock options                         | 58,922                  | —      | —                       | —      | 49                               | —                    | —                                                                 | 49                               |
| Issuance of common stock upon vesting of restricted stock units                 | 676,910                 | 1      | —                       | —      | (1)                              | —                    | —                                                                 | —                                |
| Payment of withholding taxes on net share settlements of restricted stock units | (236,722)               | —      | —                       | —      | (5,986)                          | —                    | —                                                                 | (5,986)                          |
| Repurchase of common stock                                                      | (164,301)               | —      | —                       | —      | (3,550)                          | —                    | —                                                                 | (3,550)                          |
| Conversion of common stock                                                      | 241,935                 | —      | (241,935)               | —      | —                                | —                    | —                                                                 | —                                |
| Foreign currency translation adjustment                                         | —                       | —      | —                       | —      | —                                | —                    | 1,382                                                             | 1,382                            |
| Balance at September 30, 2024                                                   | 87,582,147              |        | 15,757,238              |        |                                  |                      |                                                                   |                                  |
|                                                                                 | 7                       | \$ 88  | 38                      | \$ 16  | \$ 154,452                       | \$ 329,238           | \$ (321)                                                          | \$ 483,473                       |

(1) As of June 30, 2024, the Company recognized an immaterial adjustment to goodwill and additional paid-in-capital associated with the acquisitions of its equity interests in CarOffer, LLC.

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

# CarGurus, Inc.

## Unaudited Condensed Consolidated Statements of Cash Flows

(in thousands)

|                                                                                                                              | Nine Months Ended<br>September 30, |             |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------|
|                                                                                                                              | 2025                               | 2024        |
| <b>Operating Activities</b>                                                                                                  |                                    |             |
| Net income (loss)                                                                                                            | \$ 106,105                         | \$ (24,909) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities                                      |                                    |             |
| Depreciation and amortization                                                                                                | 20,592                             | 18,322      |
| Currency gain on foreign denominated transactions                                                                            | (446)                              | (234)       |
| Other non-cash income, net                                                                                                   | (101)                              | (816)       |
| Deferred taxes                                                                                                               | 13,966                             | (47,344)    |
| Provision for doubtful accounts                                                                                              | 2,047                              | 1,534       |
| Stock-based compensation expense                                                                                             | 38,552                             | 46,614      |
| Amortization of deferred financing costs                                                                                     | 387                                | 387         |
| Amortization of deferred contract costs                                                                                      | 11,986                             | 10,241      |
| Impairments                                                                                                                  | 32,552                             | 144,431     |
| Changes in operating assets and liabilities                                                                                  |                                    |             |
| Accounts receivable                                                                                                          | 3,404                              | (5,393)     |
| Inventory                                                                                                                    | 338                                | 149         |
| Prepaid expenses, prepaid income taxes, and other assets                                                                     | (8,452)                            | 7,093       |
| Deferred contract costs                                                                                                      | (13,707)                           | (11,307)    |
| Accounts payable                                                                                                             | 4,227                              | 10,770      |
| Accrued expenses, accrued income taxes, and other liabilities                                                                | (6,058)                            | (2,568)     |
| Deferred revenue                                                                                                             | 1,933                              | 555         |
| Lease obligations                                                                                                            | 4,838                              | 32,232      |
| Net cash provided by operating activities                                                                                    | 212,163                            | 179,757     |
| <b>Investing Activities</b>                                                                                                  |                                    |             |
| Purchases of property and equipment                                                                                          | (5,185)                            | (64,937)    |
| Capitalization of website development costs                                                                                  | (17,447)                           | (15,314)    |
| Purchases of short-term investments                                                                                          | —                                  | (494)       |
| Sale of short-term investments                                                                                               | —                                  | 21,218      |
| Advance payments to customers, net of collections                                                                            | —                                  | 259         |
| Net cash used in investing activities                                                                                        | (22,632)                           | (59,268)    |
| <b>Financing Activities</b>                                                                                                  |                                    |             |
| Proceeds from issuance of common stock upon exercise of stock options                                                        | 429                                | 75          |
| Payment of withholding taxes on net share settlements of restricted stock units                                              | (22,704)                           | (17,391)    |
| Repurchases of common stock                                                                                                  | (294,887)                          | (146,180)   |
| Payment of excise tax for repurchase of common stock                                                                         | (682)                              | —           |
| Payment of finance lease obligations                                                                                         | (60)                               | (56)        |
| Change in gross advance payments received from third-party transaction processor                                             | (1,084)                            | (704)       |
| Net cash used in financing activities                                                                                        | (318,988)                          | (164,256)   |
| Impact of foreign currency on cash, cash equivalents, and restricted cash                                                    | 2,083                              | 582         |
| Net decrease in cash, cash equivalents, and restricted cash                                                                  | (127,374)                          | (43,185)    |
| Cash, cash equivalents, and restricted cash at beginning of period                                                           | 306,229                            | 293,926     |
| Cash, cash equivalents, and restricted cash at end of period                                                                 | \$ 178,855                         | \$ 250,741  |
| <b>Supplemental disclosure of cash flow information</b>                                                                      |                                    |             |
| Cash paid for income taxes                                                                                                   | \$ 17,720                          | \$ 36,959   |
| Cash paid for operating lease liabilities                                                                                    | \$ 14,453                          | \$ 11,213   |
| Cash paid for interest                                                                                                       | \$ 490                             | \$ 611      |
| <b>Supplemental noncash disclosure of cash flow information</b>                                                              |                                    |             |
| Unpaid purchases of property and equipment and capitalized hosting arrangements                                              | \$ 1,171                           | \$ 6,592    |
| Capitalized stock-based compensation expense in website development and internal-use software costs and hosting arrangements | \$ 5,234                           | \$ 5,227    |
| Unpaid withholding taxes on net share settlement of restricted stock units                                                   | \$ 275                             | \$ 120      |
| Unpaid repurchases of common stock                                                                                           | \$ 454                             | \$ —        |
| Unpaid excise tax on repurchases of common stock                                                                             | \$ 2,298                           | \$ 2,503    |
| Obtaining a right-of-use asset in exchange for an operating lease liability                                                  | \$ 1,139                           | \$ (5,029)  |

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

# **CarGurus, Inc.**

## **Notes to Unaudited Condensed Consolidated Financial Statements**

**(dollars in thousands, except share and per share data, unless otherwise noted)**

### **1. Organization and Business Description**

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

On August 6, 2025, the Board of Directors of the Company determined, after considering all reasonably available options and a broader strategic reassessment, that it is in the best interests of its stockholders to wind down CarOffer, LLC (“CarOffer”), including the Dealer-to-Dealer and Instant Max Cash Offer products (the “CarOffer Transactions Business”). Following the broader strategic reassessment, the Company concluded that the CarOffer Transactions Business has proven less effective in today’s more volatile and unpredictable pricing environment, where dealers require more flexibility and broader automation to streamline fulfillment than the model could provide. Following the wind-down, the Company will continue to deliver AI-powered inventory intelligence through its insights platform and enable consumer vehicle sourcing at scale through Sell My Car (formerly known as Sell My Car - Top Dealer Offers) and will focus on technology and analytics that will enable smarter sourcing and pricing decisions rather than facilitating the transactions themselves. Refer to Note 7 of the Unaudited Condensed Consolidated Financial Statements (as defined below) for further information.

The Company operates principally in the U.S., where it also operates the Autolist online marketplace and the CarOffer online wholesale platform as independent brands. The Company also operates online marketplaces under the CarGurus brand in Canada and the U.K. In the U.K. it also operates the PistonHeads online marketplace as an independent brand.

The Company has subsidiaries in the U.S., Canada, Ireland, and the U.K. and it has two reportable segments, U.S. Marketplace and Digital Wholesale. Refer to Note 14 of the Unaudited Condensed Consolidated Financial Statements for further segment reporting and geographic information.

The Company is subject to a number of risks and uncertainties common to companies in its and similar industries and stages of development including but not limited to rapid technological changes, competition from substitute products and services from larger companies, management of international activities, protection of proprietary rights, patent litigation, and dependence on key individuals.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

The accompanying interim condensed consolidated financial statements are unaudited (the “Unaudited Condensed Consolidated Financial Statements”). The Unaudited Condensed Consolidated Financial Statements and related disclosures have been prepared in conformity with accounting principles generally accepted in the U.S. (“GAAP”). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Update (“ASU”) of the Financial Accounting Standards Board (“FASB”).

The Unaudited Condensed Consolidated Financial Statements have also been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The Unaudited Condensed Consolidated Financial Statements reflect all adjustments, consisting of only normal recurring adjustments, necessary for the fair presentation of the Company's financial statements for interim periods. These interim period results are not necessarily indicative of the results to be expected for any other interim period or the full year.

The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on February 20, 2025 (the "Annual Report").

### ***Principles of Consolidation***

The Unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

### ***Subsequent Event Considerations***

The Company considers events or transactions that occur after the balance sheet date but prior to the issuance of the Unaudited Condensed Consolidated Financial Statements to provide additional evidence for certain estimates or to identify matters that require additional disclosure. The Company has evaluated all subsequent events and determined that there are no material recognized or unrecognized subsequent events requiring disclosure.

### ***Use of Estimates***

The preparation of the Unaudited Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from management's estimates if these results differ from historical experience, or other assumptions do not turn out to be substantially accurate, even if such assumptions are reasonable when made. Changes in estimates are recognized in the period in which they become known.

Critical estimates relied upon in preparing the Unaudited Condensed Consolidated Financial Statements include the determination of sales allowance and variable consideration in the Company's revenue recognition, the impairment and useful lives of long-lived assets, the capitalization and useful lives of product, technology, and development costs for website development, internal-use software, and hosting arrangements, and the valuation and recoverability of intangible assets and goodwill. Accordingly, the Company considers these to be its critical accounting estimates, and believes that of the Company's significant accounting policies, these involve the greatest degree of judgment and complexity.

During the three months ended June 30, 2025, the Company identified a triggering event requiring an interim impairment test at the CarOffer reporting unit due to the sustained low volume of the number of vehicles processed from car dealers, consumers, and other marketplaces through the CarOffer website within the applicable period within the Digital Wholesale segment ("Transactions") and a delay in the business's expected return to growth. During the three months ended June 30, 2025, the Company performed an updated fair value analysis of the CarOffer reporting unit, which indicated an excess of carrying value over fair value of the CarOffer reporting unit and resulted in a full impairment of the remaining goodwill and a partial impairment of other long-lived assets within the CarOffer reporting unit. During the three months ended September 30, 2025, there was no additional impairment related to the CarOffer reporting unit. For further discussion of impairments related to the CarOffer reporting unit, refer to Note 6 of the Unaudited Condensed Consolidated Financial Statements.

### **Concentration of Credit Risk**

The Company has no significant off-balance sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash, cash equivalents, trade accounts receivable, and other receivables.

The Company maintains its cash and cash equivalents, principally with accredited financial institutions of high credit standing. Although the Company deposits its cash and cash equivalents with multiple financial institutions, its deposits with each such financial institution exceed governmental insured limits.

The Company routinely assesses the creditworthiness of its customers and does not require collateral. The Company generally has not experienced any material losses related to receivables from individual customers or groups of customers.

The Company had no material losses related to marketplace receivables as the losses were dispersed across a large number of customers. The Company had no material losses related to wholesale and product receivables as the third-party transaction processor does not release the title to the vehicle until successfully collecting funds from the buying dealer. Titling is handled by the Company's third-party transaction processor and titles are held in escrow until it collects funds from the buying dealer (i.e., title is legally transferred from the selling party to the buying party upon signing of bill of sale, but title is held in escrow by the third-party transaction processor until payment is received). Due to these factors, no additional credit risk beyond amounts provided for collection losses was believed by management to be probable in the Company's accounts receivable and other receivables.

As of September 30, 2025, a payment processor for several hundred dealer accounts represented 10.9% of net accounts receivable and other receivables. The related accounts receivable balance included unbilled and billed receivables that are not past due. The concentration was driven by the timing of payments pursuant to the agreement with the payment processor, as well as a decrease in the total accounts receivable, net balance as of September 30, 2025. The remainder of the accounts receivable was dispersed among more than 1,000 customers. Therefore, the Company does not believe there is significant credit risk with respect to accounts receivable. As of December 31, 2024, there was no concentration in excess of 10% of net accounts receivable and other receivables.

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, no customer accounted for more than 10% of total revenue.

As of September 30, 2025 and December 31, 2024, \$13,690 and \$13,213, respectively, was included in accounts receivable, net representing unbilled accounts receivable relating primarily to both dealers and advertising customers invoiced in the period subsequent to services being rendered and revenue recognition adjustments for Company offered discounts given to dealers in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606").

### **Significant Accounting Policies**

The Unaudited Condensed Consolidated Financial Statements reflect the application of certain significant accounting policies as described below and elsewhere in these notes to the Unaudited Condensed Consolidated Financial Statements. As of September 30, 2025, there have been no material changes, other than as noted below, in the Company's significant accounting policies, which are detailed in the Annual Report.

## Restructuring Costs

The Company has incurred restructuring costs in connection with the wind-down of CarOffer and evaluates these costs under ASC 420, *Exit or Disposal Cost Obligations*. The Company's restructuring costs consist primarily of severance and other employee-related costs and contract termination charges. The Company recognizes severance and other employee-related costs under a one-time arrangement when management has committed to a plan and communicated the severance plan to employees. If future service is not required beyond the minimum retention period, the costs are recognized immediately. If future service is required, the costs are recognized ratably over the future service period. The Company recognizes contract termination costs when a contract is terminated in accordance with the contract terms. If costs will continue to be incurred under a contract for its remaining term without economic benefit to the contracting party, these costs are recognized at the cease-use date. Restructuring costs are recognized as cost of revenue or as an operating expense within the Unaudited Condensed Consolidated Income Statements.

### **Recent Accounting Pronouncements Not Yet Adopted**

From time to time, new accounting pronouncements are issued by the FASB or other standard-setting bodies and adopted by the Company on or prior to the specified effective date. Unless otherwise disclosed below, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption. As of September 30, 2025, there are no new accounting pronouncements that the Company is considering adopting, other than those described below.

In September 2025 the FASB issued ASU 2025-06, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"), which clarifies and modernizes the guidance to reflect the evolution of software development from a sequential to an agile development method. ASU 2025-06 removes all references to project development stages to reflect this change in software development and requires capitalization of software costs to begin when management has authorized and committed to funding the project and it is probable the project will be completed and used to perform the intended function. ASU 2025-06 does not change what internal-use software costs can be capitalized or when such capitalization ceases. ASU 2025-06 is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. ASU 2025-06 may be adopted either prospectively, using a modified transition approach, or retrospectively. The Company is currently evaluating the impact of ASU 2025-06 on its future consolidated financial statements and related disclosures.

In November 2024 the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"). ASU 2024-03 is intended to provide more detailed expense information and requires additional disaggregated disclosures in the notes to the financial statements for categories of expenses that are included on the face of the income statement. ASU 2024-03 is effective for the fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. ASU 2024-03 may be applied either prospectively to financial statements issued for periods after the effective date of ASU 2024-03 or retrospectively to all prior periods presented in the consolidated financial statements. The Company is currently evaluating the impact of ASU 2024-03 on its future consolidated financial statements and related disclosures.

In December 2023 the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. ASU 2023-09 addresses investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. Early adoption is permitted. A public entity should apply ASU 2023-09 prospectively to all annual periods beginning after December 15, 2024. The Company expects ASU 2023-09 to result in additional disclosures following adoption but does not expect an impact on its financial position or results of operations.

### 3. Revenue Recognition

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, revenue from contracts with customers by services and products was as follows:

|                        | Three Months Ended<br>September 30, |                   | Nine Months Ended<br>September 30, |                   |
|------------------------|-------------------------------------|-------------------|------------------------------------|-------------------|
|                        | 2025                                | 2024              | 2025                               | 2024              |
| Marketplace            | \$ 231,653                          | \$ 204,019        | \$ 665,886                         | \$ 586,405        |
| Dealer-to-Dealer       | 3,455                               | 13,876            | 19,302                             | 47,867            |
| Instant Max Cash Offer | 3,588                               | 13,463            | 12,699                             | 31,574            |
| Total                  | <u>\$ 238,696</u>                   | <u>\$ 231,358</u> | <u>\$ 697,887</u>                  | <u>\$ 665,846</u> |

The Company provides disaggregation of revenue by services and products, by income statement presentation, by segment, and by geographic region.

Revenue by services and products is disaggregated by (i) marketplace services, (ii) Dealer-to-Dealer services and products, and (iii) Instant Max Cash Offer ("IMCO") services and products, as disclosed above.

Revenue by income statement presentation is disaggregated by (i) marketplace, (ii) wholesale, and (iii) product revenue sources, as disclosed in the Unaudited Condensed Consolidated Income Statements. Marketplace services are included within marketplace revenue in the Unaudited Condensed Consolidated Income Statements. Dealer-to-Dealer and IMCO services and products are included within both wholesale revenue and product revenue in the Unaudited Condensed Consolidated Income Statements.

Revenue by segment is disaggregated by (i) U.S. Marketplace and (ii) Digital Wholesale segments, as disclosed in Note 14 of the Unaudited Condensed Consolidated Financial Statements. Marketplace services are included in the U.S. Marketplace segment and in the Other category of segment reporting. Dealer-to-Dealer and IMCO services and products are included in the Digital Wholesale segment.

Revenue by geographic region is disaggregated by (i) U.S. and (ii) International regions as disclosed in Note 14 of the Unaudited Condensed Consolidated Financial Statements. Marketplace services are provided in the U.S. and International regions. Dealer-to-Dealer and IMCO services and products are provided in the U.S. region.

The Company believes these categories best depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

ASC 606 requires that the Company disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as of the relevant quarter end.

For contracts with an original expected duration greater than one year, the aggregate amount of the transaction price allocated to the performance obligations that were unsatisfied as of September 30, 2025, was approximately \$77.1 million, the majority of which the Company expects to recognize over the next 12 months.

For contracts with an original expected duration of one year or less, the Company has applied the practical expedient available under ASC 606 to not disclose the amount of transaction price allocated to unsatisfied performance obligations as of September 30, 2025. For performance obligations not satisfied as of September 30, 2025, and to which this expedient applies, the nature of the performance obligations, the variable consideration, and any consideration from contracts with customers not included in the transaction price is consistent with performance obligations satisfied as of September 30, 2025.

For the three months ended September 30, 2025 and 2024, revenue recognized from amounts included in deferred revenue at the beginning of the period was \$23,395 and \$21,785, respectively. For the nine months ended September 30, 2025 and 2024, revenue recognized from amounts included in deferred revenue at the beginning of the period was \$21,661 and \$21,322, respectively.

#### 4. Fair Value of Financial Instruments

As of September 30, 2025 and December 31, 2024, assets measured at fair value on a recurring basis consisted of the following:

|                  | As of September 30, 2025                                                                |                                                                     |                                                              |           |
|------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|-----------|
|                  | Quoted Prices<br>in Active<br>Markets<br>for Identical<br>Assets<br>(Level 1<br>Inputs) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2<br>Inputs) | Significant<br>Unobservable<br>Inputs<br>(Level 3<br>Inputs) | Total     |
| Cash equivalents |                                                                                         |                                                                     |                                                              |           |
| Mutual funds     | \$ 47,848                                                                               | \$ —                                                                | \$ —                                                         | \$ 47,848 |
| Total            | \$ 47,848                                                                               | \$ —                                                                | \$ —                                                         | \$ 47,848 |

  

|                  | As of December 31, 2024                                                                 |                                                                     |                                                              |            |
|------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|------------|
|                  | Quoted Prices<br>in Active<br>Markets<br>for Identical<br>Assets<br>(Level 1<br>Inputs) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2<br>Inputs) | Significant<br>Unobservable<br>Inputs<br>(Level 3<br>Inputs) | Total      |
| Cash equivalents |                                                                                         |                                                                     |                                                              |            |
| Mutual funds     | \$ 165,074                                                                              | \$ —                                                                | \$ —                                                         | \$ 165,074 |
| Total            | \$ 165,074                                                                              | \$ —                                                                | \$ —                                                         | \$ 165,074 |

#### 5. Property and Equipment, Net

As of September 30, 2025 and December 31, 2024, property and equipment, net consisted of the following:

|                                                | As of<br>September 30,<br>2025 | As of<br>December 31,<br>2024 |
|------------------------------------------------|--------------------------------|-------------------------------|
| Capitalized equipment                          | \$ 7,820                       | \$ 7,880                      |
| Capitalized internal-use software              | 22,042                         | 20,060                        |
| Capitalized website development                | 60,142                         | 56,877                        |
| Furniture and fixtures                         | 10,252                         | 13,960                        |
| Leasehold improvements                         | 85,968                         | 95,691                        |
| Construction in progress                       | 625                            | —                             |
| Finance lease right-of-use assets              | —                              | 155                           |
|                                                | 186,849                        | 194,623                       |
| Less accumulated depreciation and amortization | (53,915)                       | (64,613)                      |
| Total                                          | \$ 132,934                     | \$ 130,010                    |

During the nine months ended September 30, 2025, capitalized internal-use software increased \$1,982. The increase was primarily due to \$4,955 of additions. The increase was offset in part by the write-off of \$2,204 of Digital-Wholesale assets and \$769 of impairments of the Digital Wholesale segment capitalized internal-use software.

During the nine months ended September 30, 2025, capitalized website development costs increased \$3,265. The increase was primarily due to \$21,462 of additions. The increase was offset in part by the write-off of \$13,396 of Digital Wholesale assets and \$4,801 of impairments of the Digital Wholesale segment capitalized website development costs.

During the nine months ended September 30, 2025, furniture and fixtures and leasehold improvements decreased \$3,708 and \$9,723, respectively, primarily due to disposals of fully depreciated assets within the U.S. Marketplace segment related to the expiration of the lease of office space at 55 Cambridge Parkway.

During the nine months ended September 30, 2025, accumulated depreciation decreased \$10,698 due primarily to the write-off of accumulated depreciation related to the impairments of CarOffer reporting unit assets in the Digital Wholesale segment. The Company wrote off \$2,204 and \$13,396 of accumulated amortization related to the capitalized internal-use software costs and capitalized website development costs, respectively.

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, depreciation and amortization expense, excluding amortization of intangible assets, amortization of capitalized hosting arrangements, disposals, and impairments, was \$6,543, \$4,669, \$18,762, and \$15,174, respectively.

For further discussion of impairments, refer to Note 6 of the Unaudited Condensed Consolidated Financial Statements.

## 6. Impairments

### Background

During the three months ended June 30, 2025, the Company identified a triggering event requiring an interim impairment test at the CarOffer reporting unit due to the sustained low Transaction volume and a delay in the business's expected return to growth. The Company performed an updated fair value analysis of the CarOffer reporting unit, which indicated an excess of carrying value over fair value of the CarOffer reporting unit and resulted in a full impairment of the remaining goodwill and a partial impairment of other long-lived assets within the CarOffer reporting unit.

Prior to testing the goodwill and other long-lived assets included in the CarOffer reporting unit for impairment, the Company first evaluated current assets, inclusive of the cash and cash-equivalents, accounts receivable, inventory, prepaid expenses, and other current assets allocated to the CarOffer reporting unit, under applicable guidance and identified no impairment.

The Company then evaluated other long-lived assets included in the CarOffer reporting unit under ASC 360, *Property, Plant, and Equipment* ("ASC 360"). Other long-lived assets were tested for impairment at the asset group level. The Company identified the asset group as the entire CarOffer reporting unit, which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. As the CarOffer asset group did not pass the step one recoverability test on an undiscounted cash flow basis, the Company then compared the fair value of the asset group to its carrying value. To estimate the fair value of the asset group, the Company utilized an income-based valuation approach by means of a discounted cash flow method, based on market participant assumptions. The assumptions used to estimate the fair value using a discounted cash flow method included forecasted revenue and EBITDA, long-term expectations for growth rates and operating profit margin, expected needs for annual capital expenditure and net working capital, and a market-participant discount rate derived utilizing a capital asset pricing model. The excess of the carrying value of the asset group over the fair value was first allocated amongst the long-lived asset group (excluding goodwill), noting each individual long-lived asset within the group may not be impaired below its individual fair value.

As discussed below, for the three months ended June 30, 2025, the Company recognized impairments of CarOffer right-of-use assets, capitalized hosting arrangements, capitalized internal-use software, and capitalized website development assets of \$499, \$291, \$769, and \$4,801, respectively, to reduce the assets carrying value to fair value. The Company also recognized impairments of the CarOffer brand intangible asset of \$6,624 to reduce the carrying value to its fair value. All other long-lived assets' carrying value were at or below fair value. Subsequent to performing the impairment assessment of its long-lived assets, the Company then assessed goodwill included in the CarOffer reporting unit, resulting in an impairment charge of \$19,568 to reduce the carrying value of the CarOffer goodwill to a fair value of zero. See below for further details of each impairment charge. Accordingly, for the three months ended June 30, 2025, the Company recognized a \$32,552 impairment to the CarOffer reporting unit in the Digital Wholesale segment. During the three months ended September 30, 2025, there was no additional impairment related to the CarOffer reporting unit.

During the nine months ended September 30, 2025, the Company determined that there were no indicators of impairment for the U.S. Marketplace or U.K. Marketplace reporting units and therefore an interim impairment assessment was not performed for these reporting units.

### ***Right-of-Use Assets***

In connection with the three months ended June 30, 2025 triggering event discussed above, the Company assessed the right-of-use assets associated with CarOffer's Addison, Texas lease for impairment.

As noted above, the Company evaluated the fair value of the CarOffer asset group and subsequently allocated the resulting impairment charge to each of the long-lived assets in the asset group, including the CarOffer right-of-use assets. The Company estimated fair value using the discounted cash flow method, with key inputs including the selected market rental rates based upon similar office spaces, the discount rate, and other estimated replacement costs. The fair value measurement is categorized as Level 3 within the fair value hierarchy as there are significant unobservable inputs utilized in the valuation technique.

During the three months ended June 30, 2025, a non-cash impairment charge of \$499 was allocated to the right-of-use assets in the CarOffer asset group, which was recognized within impairment operating expenses in the Unaudited Condensed Consolidated Income Statements in the Digital Wholesale segment.

### ***Capitalized Hosting Arrangements, Capitalized Internal-Use Software, and Capitalized Website Development***

In connection with the three months ended June 30, 2025 triggering event discussed above, the Company assessed the capitalized hosting arrangements, capitalized internal-use software, and capitalized website development for impairment.

The Company made the determination not to estimate fair value and instead to impair the entire balance of the capitalized hosting arrangements asset as it was not yet placed into service and will not be used. During the three months ended June 30, 2025, a non-cash impairment charge of \$291 was allocated to the capitalized hosting arrangements in the CarOffer asset group, which was recognized within impairment operating expenses in the Unaudited Condensed Consolidated Income Statements in the Digital Wholesale segment.

As noted above, the Company evaluated the fair value of the CarOffer asset group and subsequently allocated the resulting impairment charge to each of the long-lived assets in the asset group, including the CarOffer capitalized internal-use software and capitalized website development. The Company estimated fair value using the relief from royalty method, with key inputs including forecasted revenue, royalty rate, expected period of future reliance on the technology, and discount rate. The fair value measurement is categorized as Level 3 within the fair value hierarchy as there are significant unobservable inputs utilized in the valuation technique.

During the three months ended June 30, 2025, a non-cash impairment charge of \$769 was allocated to capitalized internal-use software costs in the CarOffer asset group, which was recognized within impairment operating expenses in the Unaudited Condensed Consolidated Income Statements in the Digital Wholesale segment.

During the three months ended June 30, 2025, non-cash impairment charges of \$2,919 and \$1,882 were allocated to the capitalized website development costs in the CarOffer asset group, which were recognized within wholesale cost of revenue and impairment operating expense, respectively, in the Unaudited Condensed Consolidated Income Statements in the Digital Wholesale segment.

### ***Other Intangible Assets***

The Company determined that there were no indicators of impairment related to other intangible assets for the U.S. Marketplace or U.K. Marketplace reporting units and therefore an interim impairment assessment was not performed at June 30, 2025, for these reporting units.

In connection with the three months ended June 30, 2025 triggering event discussed above, the Company evaluated the CarOffer brand intangible asset for impairment.

The Company estimated fair value using market participant assumptions and the relief from royalty method, with key inputs including forecasted revenue, royalty rate, discount rate, and useful life. The fair value measurement is categorized as Level 3 within the fair value hierarchy as there are significant unobservable inputs utilized in the valuation technique.

During the three months ended June 30, 2025, a non-cash impairment charge of \$6,624 was allocated to the brand intangible asset for the CarOffer asset group, which was recognized within impairment operating expenses in the Unaudited Condensed Consolidated Income Statements in the Digital Wholesale segment. The impairment charge reduced the carrying amount for the brand intangible asset for the CarOffer reporting unit to its fair value.

As of September 30, 2025 and December 31, 2024, intangible assets, exclusive of assets that have been retired, consisted of the following:

| As of September 30, 2025 |                                                            |                                            |                             |                        |
|--------------------------|------------------------------------------------------------|--------------------------------------------|-----------------------------|------------------------|
|                          | Weighted<br>Average<br>Remaining<br>Useful Life<br>(years) | Gross<br>Carrying<br>Amount                | Accumulated<br>Amortization | Net Carrying<br>Amount |
| Brand                    | 3.7                                                        | \$ 9,178                                   | \$ (5,685)                  | \$ 3,493               |
| Customer relationships   | —                                                          | 1,870                                      | (1,870)                     | —                      |
| Developed technology     | —                                                          | 1,565                                      | (1,565)                     | —                      |
| Total                    |                                                            | <u>\$ 12,613</u>                           | <u>\$ (9,120)</u>           | <u>\$ 3,493</u>        |
| As of December 31, 2024  |                                                            |                                            |                             |                        |
|                          | Weighted<br>Average<br>Remaining<br>Useful Life<br>(years) | Gross<br>Carrying<br>Amount <sup>(1)</sup> | Accumulated<br>Amortization | Net Carrying<br>Amount |
| Brand                    | 6.1                                                        | \$ 24,559                                  | \$ (12,792)                 | \$ 11,767              |
| Customer relationships   | —                                                          | 19,870                                     | (19,870)                    | —                      |
| Developed technology     | —                                                          | 64,565                                     | (64,565)                    | —                      |
| Total                    |                                                            | <u>\$ 108,994</u>                          | <u>\$ (97,227)</u>          | <u>\$ 11,767</u>       |

(1) During the year ended December 31, 2024, the Company recorded \$7,538 of impairment charges for the brand intangible asset related to the CarOffer reporting unit in the Digital Wholesale segment and accordingly adjusted the gross carrying amount of the asset.

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, amortization of intangible assets was \$813, \$509, \$1,830, and \$3,148, respectively.

For the three months ended September 30, 2025, there was no impairment for intangible assets. For the nine months ended September 30, 2025, the Company impaired \$6,624 of Digital Wholesale segment intangible assets within impairment operating expenses in the Unaudited Condensed Consolidated Income Statements. For the three months ended September 30, 2024, there was no impairment for intangible assets. For the nine months ended September 30, 2024, the Company impaired \$7,538 of Digital Wholesale segment intangible assets within impairment operating expenses in the Unaudited Condensed Consolidated Income Statements.

As of September 30, 2025, estimated amortization expense of intangible assets for future periods is as follows:

| Year Ending December 31, | Amortization Expense |
|--------------------------|----------------------|
| Remainder of 2025        | \$ 240               |
| 2026                     | 959                  |
| 2027                     | 959                  |
| 2028                     | 959                  |
| 2029                     | 368                  |
| Thereafter               | 8                    |
| Total                    | <u>\$ 3,493</u>      |

### Goodwill

In connection with the triggering event discussed above, the Company assessed the CarOffer reporting unit goodwill for impairment.

The Company estimated the fair value of the CarOffer reporting unit using an income-based valuation approach by means of a discounted cash flow method. The assumptions used to estimate the fair value of the reporting unit included forecasted revenue and EBITDA, long-term expectations for growth rates and operating profit margin, expected needs for annual capital expenditure and net working capital, and a market-participant discount rate derived via the capital asset pricing model.

As of June 30, 2025, the carrying value for the CarOffer reporting unit (after adjustments for other long-lived asset impairments discussed above) exceeded its fair value, resulting in a non-cash impairment charge of \$19,568, which was recognized within impairment operating expenses in the Unaudited Condensed Consolidated Income Statements in the Digital Wholesale segment. The impairment charge reduced the carrying value of the CarOffer reporting unit goodwill to a fair value of zero.

As of September 30, 2025, changes in the carrying value of goodwill were as follows:

|                                         | U.S.<br>Marketplace | Digital<br>Wholesale | Other            | Total            |
|-----------------------------------------|---------------------|----------------------|------------------|------------------|
| Balance as of December 31, 2024         | \$ 12,477           | \$ 19,568            | \$ 14,122        | \$ 46,167        |
| Impairment of goodwill                  | —                   | (19,568)             | —                | (19,568)         |
| Foreign currency translation adjustment | —                   | —                    | 1,810            | 1,810            |
| Balance as of September 30, 2025        | <u>\$ 12,477</u>    | <u>\$ —</u>          | <u>\$ 15,932</u> | <u>\$ 28,409</u> |

As of September 30, 2025, the accumulated impairment losses of goodwill were \$134,774. As of December 31, 2024, the accumulated impairment losses of goodwill were \$115,206.

## Impairments Summary

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, impairments consisted of the following:

|                                        | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|----------------------------------------|-------------------------------------|-----------|------------------------------------|------------|
|                                        | 2025                                | 2024      | 2025                               | 2024       |
| Cost of Revenue                        |                                     |           |                                    |            |
| Capitalized website development        | \$ —                                | \$ 9,750  | \$ 2,919                           | \$ 9,930   |
| Total impairments in cost of revenue   | \$ —                                | \$ 9,750  | \$ 2,919                           | \$ 9,930   |
| Operating Expense                      |                                     |           |                                    |            |
| Capitalized hosting arrangements       | \$ —                                | \$ 974    | \$ 291                             | \$ 974     |
| Capitalized internal-use software      | —                                   | —         | 769                                | —          |
| Capitalized website development        | —                                   | 5,833     | 1,882                              | 5,833      |
| Intangible assets                      | —                                   | —         | 6,624                              | 7,538      |
| Goodwill                               | —                                   | —         | 19,568                             | 115,206    |
| Right-of-use assets                    | —                                   | —         | 499                                | 4,731      |
| Furniture and fixtures                 | —                                   | 219       | —                                  | 219        |
| Total impairments in operating expense | \$ —                                | \$ 7,026  | \$ 29,633                          | \$ 134,501 |
| Total                                  | \$ —                                | \$ 16,776 | \$ 32,552                          | \$ 144,431 |

## 7. Restructuring Expenses

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

The Company has begun to wind down CarOffer and expects to substantially complete the wind-down activities by the end of 2025. As a result of the wind-down, the Company expects to incur approximately \$5.0 million to \$6.0 million of one-time restructuring costs, including severance and other employee-related costs and contract termination charges within the Digital Wholesale segment. A significant portion of the cash payments are expected to be paid in the remainder of 2025, with the remaining expected to be paid in the first half of 2026.

For the three and nine months ended September 30, 2025, one-time restructuring costs were recognized within the Digital Wholesale segment in the Unaudited Condensed Consolidated Income Statements as follows:

|                                              | One-time Restructuring<br>Costs |
|----------------------------------------------|---------------------------------|
| Cost of Revenue                              | \$ 392                          |
| Sales and marketing expense                  | 1,424                           |
| Product, technology, and development expense | 1,189                           |
| General and administrative expense           | 798                             |
| Total                                        | \$ 3,803                        |

As of September 30, 2025, changes in the one-time restructuring related liability recognized within accrued expenses, accrued income taxes, and other current liabilities in the Unaudited Condensed Consolidated Balance Sheets were as follows:

|                                  | <b>Restructuring Liability</b> |
|----------------------------------|--------------------------------|
| Balance as of July 1, 2025       | \$ —                           |
| Charges                          | 3,803                          |
| Cash Disbursements               | (1,197)                        |
| Balance as of September 30, 2025 | <u>\$ 2,606</u>                |

## 8. Accrued Expenses, Accrued Income Taxes, and Other Current Liabilities

As of September 30, 2025 and December 31, 2024, accrued expenses, accrued income taxes, and other current liabilities consisted of the following:

|                                                                             | <b>As of<br/>September 30,<br/>2025</b> | <b>As of<br/>December 31,<br/>2024</b> |
|-----------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| Accrued bonus                                                               | \$ 8,390                                | \$ 17,377                              |
| Accrued commissions                                                         | 4,431                                   | 4,818                                  |
| Accrued payroll                                                             | 4,915                                   | 3,215                                  |
| Other accrued expenses, accrued income taxes, and other current liabilities | 12,810                                  | 10,565                                 |
| Total                                                                       | <u>\$ 30,546</u>                        | <u>\$ 35,975</u>                       |

The decrease of \$8,987 in accrued bonus was due primarily to the payout of the remaining 2024 bonus during the three months ended March 31, 2025, offset in part by bonus accruals.

## 9. Debt

As of September 30, 2025 and December 31, 2024, the Company had no long-term debt outstanding.

### *Revolving Credit Facility*

On September 26, 2022, the Company entered into a Credit Agreement with PNC Bank, National Association, as administrative agent and collateral agent and an L/C Issuer (as defined in the Credit Agreement), and the other lenders, L/C Issuers, and parties thereto from time to time (the "Credit Agreement"). The Credit Agreement consists of a revolving credit facility (the "2022 Revolver"), which allows the Company to borrow up to \$400.0 million, \$50.0 million of which may be comprised of a letter of credit sub-facility (the "2022 Revolver Sub-facility"). The borrowing capacity under the Credit Agreement may be increased in accordance with the terms and subject to the adjustments as set forth in the Credit Agreement. Specifically, the borrowing capacity may be increased by an amount up to the greater of \$250.0 million or 100% of Four Quarter Consolidated EBITDA (as defined in the Credit Agreement) if certain criteria are met and subject to certain restrictions. Any such increase requires lender approval. Proceeds of any borrowings may be used for general corporate purposes. The 2022 Revolver is scheduled to mature on September 26, 2027.

The applicable interest rate is, at the Company's option, based on a number of different benchmark rates and applicable spreads, based on the ratio of the outstanding principal amount of the Company's secured indebtedness to the trailing four quarters of consolidated EBITDA (as determined under the Credit Agreement, the "Consolidated Secured Net Leverage Ratio"). The Credit Agreement also requires the Company to pay a commitment fee to the lenders with respect of the unutilized revolving commitments at a rate ranging from 0.125% to 0.175% per annum based on the Consolidated Secured Net Leverage Ratio, as determined on a quarterly basis.

The 2022 Revolver is secured by a first priority lien on substantially all tangible and intangible property of the Company, as well as any future guarantors, and pledges of the equity of certain wholly-owned subsidiaries, in each case subject to certain exceptions, limitations, and exclusions from the collateral. The Credit Agreement includes customary events of default and requires the Company to comply with customary affirmative and negative covenants, including a financial covenant requiring that the Company not exceed certain Consolidated Secured Net Leverage Ratio ranges at the end of each fiscal quarter. The Company was in compliance with all covenants as of September 30, 2025.

As of September 30, 2025, there were no borrowings and \$9,385 in letters of credit outstanding under the 2022 Revolver Sub-facility associated with the Company's leases, which reduced the borrowing capacity under the 2022 Revolver to \$390,615. During the nine months ended September 30, 2025, \$522 in letters of credit under the 2022 Revolver Sub-facility, related to the Company's previous Cambridge lease, expired. As of December 31, 2024, there were no borrowings and \$9,907 in letters of credit outstanding under the 2022 Revolver Sub-facility associated with the Company's leases, which reduced the borrowing capacity under the 2022 Revolver to \$390,093.

As of September 30, 2025 and December 31, 2024, deferred financing costs were \$1,025 and \$1,412, respectively, recognized within other non-current assets in the Unaudited Condensed Consolidated Balance Sheets. For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, amortization expense associated with deferred financing costs was immaterial.

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, commitment fees under the 2022 Revolver were immaterial.

## **10. Commitments and Contingencies**

### ***Contractual Obligations and Commitments***

As of September 30, 2025, all of the Company's property and equipment and capitalized hosting arrangements have been purchased with cash with the exception of unpaid amounts as disclosed in the Unaudited Condensed Consolidated Statements of Cash Flows.

### ***Leases***

As of September 30, 2025, there were no material changes in the Company's leases from those disclosed in the Annual Report.

### ***Letters of Credit***

As of September 30, 2025 and December 31, 2024, \$9,385 and \$9,907, respectively, in letters of credit associated with the Company's leases were included under the 2022 Revolver Sub-facility.

### ***Restricted Cash***

As of September 30, 2025 and December 31, 2024, restricted cash was \$21 and \$2,036, respectively, and related to pass-through payments from dealers related to the Company's Digital Wholesale business. As of September 30, 2025 and December 31, 2024, all restricted cash was classified as a current asset, as disclosed in the Unaudited Condensed Consolidated Balance Sheets.

### ***Tax Contingencies***

The Company is subject to taxation in the U.S. and certain other jurisdictions in which it operates, which could include sales and use tax, value added tax, excise tax, gross receipts tax, and property tax. State, local, and foreign jurisdictions have differing rules and regulations governing sales, use, value added, and other taxes. These rules and regulations are complex and subject to varying interpretations that may change over time due to new court interpretations and newly enacted rules and regulations. As a result, the Company could face the possibility of tax assessments and audits, and its liability for these taxes and associated penalties could exceed its original estimates, which could be material.

### Legal Matters

From time to time, the Company may become involved in legal proceedings or be subject to claims arising in the ordinary course of its business. The Company recognizes a liability when it believes that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Judgment is required to determine both the probability of having incurred a liability and the estimated amount of the liability. The Company is not presently subject to any pending or threatened litigation that it believes, if determined adversely to the Company, individually or taken together, would reasonably be expected to have a material adverse effect on its business or financial results. However, litigation is inherently unpredictable and the future outcome of legal proceedings and other contingencies may be unexpected or differ from the Company's estimated liabilities, which could have a material adverse effect on the Company's future financial results.

## 11. Stock-based Compensation and Common Stock Share Repurchases

### Stock-based Compensation Expense

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, stock-based compensation expense by award type was as follows:

|                        | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                  |
|------------------------|-------------------------------------|------------------|------------------------------------|------------------|
|                        | 2025                                | 2024             | 2025                               | 2024             |
| Stock options          | \$ 67                               | \$ 556           | \$ 203                             | \$ 1,702         |
| Restricted stock units | 12,560                              | 14,899           | 38,349                             | 45,132           |
| Total                  | <u>\$ 12,627</u>                    | <u>\$ 15,455</u> | <u>\$ 38,552</u>                   | <u>\$ 46,834</u> |

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, stock-based compensation expense was recognized in the Company's Unaudited Condensed Consolidated Income Statements as follows:

|                                              | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                  |
|----------------------------------------------|-------------------------------------|------------------|------------------------------------|------------------|
|                                              | 2025                                | 2024             | 2025                               | 2024             |
| Cost of revenue                              | \$ 75                               | \$ 96            | \$ 213                             | \$ 387           |
| Sales and marketing expense                  | 2,781                               | 3,017            | 8,593                              | 9,141            |
| Product, technology, and development expense | 5,393                               | 6,164            | 16,500                             | 18,165           |
| General and administrative expense           | 4,378                               | 6,178            | 13,246                             | 19,141           |
| Total                                        | <u>\$ 12,627</u>                    | <u>\$ 15,455</u> | <u>\$ 38,552</u>                   | <u>\$ 46,834</u> |

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, stock-based compensation expense excluded \$1,738, \$1,539, \$5,234, and \$5,227, respectively, of capitalized website development costs, capitalized internal-use software costs, and capitalized hosting arrangements.

## **Common Stock Share Repurchases**

On November 7, 2024, the Company announced that the Board of Directors authorized a share repurchase program (the “Original 2025 Share Repurchase Program”) pursuant to which the Company may, from time to time, purchase shares of its Class A common stock for an aggregate purchase price not to exceed \$200.0 million. On August 7, 2025, the Company announced that the Board of Directors amended the Original 2025 Share Repurchase Program to increase the authorization by an additional \$150.0 million, for a total authorization to purchase shares of its Class A common stock for an aggregate purchase price not to exceed \$350.0 million, and extended the expiration of the Original 2025 Share Repurchase Program from December 31, 2025 to July 31, 2026 (as amended, the “2025 Share Repurchase Program”). Share repurchases under the 2025 Share Repurchase Program may be made through a variety of methods, including but not limited to open market purchases, privately negotiated transactions, and transactions that may be effected pursuant to one or more plans under Rule 10b5-1 and/or Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The 2025 Share Repurchase Program does not obligate the Company to repurchase any minimum dollar amount or number of shares. Prior to its expiration, the 2025 Share Repurchase Program may be modified, suspended, or discontinued by the Board of Directors at any time without prior notice. All repurchased shares under the 2025 Share Repurchase Program will be retired. The Company has funded share repurchases and expects to continue to fund share repurchases under the 2025 Share Repurchase Program through cash on hand and cash generated from operations.

On November 7, 2023, the Company announced that the Board of Directors authorized a share repurchase program (the “2024 Share Repurchase Program”) pursuant to which the Company could, from time to time, purchase shares of its Class A common stock for an aggregate purchase price not to exceed \$250.0 million. The 2024 Share Repurchase Program expired on December 31, 2024. All repurchased shares of Class A common stock under the 2024 Share Repurchase Program were retired. The Company funded share repurchases under the 2024 Share Repurchase Program through cash on hand and cash generated from operations.

During the three months ended September 30, 2025, the Company repurchased and retired 3,233,649 shares of its Class A common stock for \$110,696, exclusive of commissions and excise tax, at an average cost of \$34.23 per share, under the 2025 Share Repurchase Program. During the nine months ended September 30, 2025, the Company repurchased and retired 9,164,088 shares of its Class A common stock for \$295,224, exclusive of commissions and excise tax, at an average cost of \$32.22 per share, under the 2025 Share Repurchase Program. As of September 30, 2025, the Company had remaining authorization to purchase up to \$54,776 of its Class A common stock under the 2025 Share Repurchase Program.

During the three months ended September 30, 2024, the Company repurchased and retired 164,301 shares of its Class A common stock for \$3,700, exclusive of commissions and excise tax, at an average cost of \$22.52 per share, under the 2024 Share Repurchase Program. During the nine months ended September 30, 2024, the Company repurchased and retired 6,357,302 shares of its Class A common stock for \$146,117, exclusive of commissions and excise tax, at an average cost of \$22.98 per share, under the 2024 Share Repurchase Program. As of December 31, 2024, the 2024 Share Repurchase Program expired.

## **12. Earnings Per Share**

The Company has two classes of common stock authorized: Class A common stock and Class B common stock. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. Each share of Class B common stock is convertible into one share of Class A common stock at the option of the holder at any time or automatically upon certain events described in the Company’s fourth amended and restated certificate of incorporation, including upon either the death or voluntary termination of the Company’s Executive Chair. The Company allocates undistributed earnings attributable to common stock between the common stock classes on a one-to-one basis when computing net income per share. As a result, basic and diluted net income per share of Class A common stock and per share of Class B common stock are equivalent.

During the three months ended September 30, 2025, no shares of Class B common stock were converted into Class A common stock. During the nine months ended September 30, 2025, 770,495 shares of Class B common stock were converted into Class A common stock. During the three and nine months ended September 30, 2024, 241,935 shares of Class B common stock were converted into Class A common stock. During the year ended December 31, 2024, 1,012,428 shares of Class B common stock were converted into Class A common stock.

Basic net income (loss) per share ("Basic EPS") is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the reporting period. The Company computes the weighted-average number of common shares outstanding during the reporting period using the total number of shares of Class A common stock and Class B common stock outstanding as of the last day of the previous year plus the weighted-average of any additional shares issued and outstanding during the reporting period, less the weighted-average of any shares repurchased during the period.

Diluted net income (loss) per share ("Diluted EPS") gives effect to all potentially dilutive securities. Diluted EPS is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the reporting period using (i) the number of shares of common stock used in the Basic EPS calculation as indicated above, and (ii) if dilutive, the incremental weighted-average common stock that the Company would issue upon the exercise of stock options and the vesting of restricted stock units. The dilutive effect of these common stock equivalents is reflected in diluted earnings per share by application of the treasury stock method.

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, a reconciliation of the numerator and denominator used in the calculation of basic and diluted net income (loss) per share was as follows:

|                                                                                                                                               | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------|------------------------------------|-------------|
|                                                                                                                                               | 2025                                | 2024        | 2025                               | 2024        |
| <b>Numerator</b>                                                                                                                              |                                     |             |                                    |             |
| Net income (loss)                                                                                                                             | \$ 44,717                           | \$ 22,511   | \$ 106,105                         | \$ (24,909) |
| <b>Denominator</b>                                                                                                                            |                                     |             |                                    |             |
| Weighted-average number of shares of common stock used in computing net income (loss) per share attributable to common stockholders — basic   | 98,170,081                          | 103,321,988 | 100,033,516                        | 104,769,518 |
| Dilutive effect of share equivalents resulting from stock options                                                                             | 13,157                              | 108,869     | 16,314                             | —           |
| Dilutive effect of share equivalents resulting from unvested restricted stock units                                                           | 1,539,337                           | 1,628,426   | 1,590,360                          | —           |
| Weighted-average number of shares of common stock used in computing net income (loss) per share attributable to common stockholders — diluted | 99,722,575                          | 105,059,283 | 101,640,190                        | 104,769,518 |
| Net income (loss) per share attributable to common stockholders                                                                               |                                     |             |                                    |             |
| Basic                                                                                                                                         | \$ 0.46                             | \$ 0.22     | \$ 1.06                            | \$ (0.24)   |
| Diluted                                                                                                                                       | \$ 0.45                             | \$ 0.21     | \$ 1.04                            | \$ (0.24)   |

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, potentially dilutive common stock equivalents that have been excluded from the calculation of diluted weighted-average shares outstanding as their effect would have been anti-dilutive was as follows:

|                                    | Three Months Ended<br>September 30, |         | Nine Months Ended<br>September 30, |           |
|------------------------------------|-------------------------------------|---------|------------------------------------|-----------|
|                                    | 2025                                | 2024    | 2025                               | 2024      |
| Stock options outstanding          | 360,751                             | 506,554 | 360,751                            | 701,884   |
| Restricted stock units outstanding | 36,165                              | 512,198 | 82,588                             | 6,264,428 |

### 13. Income Taxes

During the three and nine months ended September 30, 2025 and during the three months ended September 30, 2024, the Company recognized an income tax provision of \$11,850, \$26,421, and \$7,546, respectively, representing an effective tax rate of 20.9%, 19.9%, and 25.1%, respectively. During the nine months ended September 30, 2024, the Company recognized an income tax benefit of \$5,772, representing an effective tax rate of 18.8%.

The effective tax rate for the three months ended September 30, 2025 and for the nine months ended September 30, 2025, was lower than the statutory tax rate of 21% principally due to windfall tax benefits and federal and state research development tax credits, which were partially offset by state and local income taxes, the Section 162(m) excess officer compensation limitation, and non-deductible meals and commuter fringe benefits.

The effective tax rate for the three months ended September 30, 2024, was greater than the statutory tax rate of 21% principally due to state and local income taxes, the Section 162(m) excess officer compensation limitation, and non-deductible meals and commuter fringe benefits, partially offset by federal and state research development tax credits. The effective tax rate for the nine months ended September 30, 2024, was less than the statutory tax rate of 21% principally due to federal and state research and development tax credits, stock-based compensation windfalls, and the discrete tax benefit associated with the impairment charges, partially offset by state and local income taxes, the Section 162(m) excess officer compensation limitation, and non-deductible meals and commuter fringe benefits.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was enacted in the U.S. The OBBBA includes significant tax provisions, such as accelerated cost recovery of qualified property, immediate expensing of U.S.-based research and development costs, and changes to the U.S. international taxation regime. The OBBBA has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The impact of these changes will be recognized in the period in which the legislation was enacted. The OBBBA includes a provision which allows for immediate expensing of domestic research costs and accelerated amortization of previously capitalized domestic research costs. For the nine months ended September 30, 2025, the Company has incorporated the change into its provision for income taxes. Accordingly, the change has decreased deferred tax assets and increased prepaid expenses, prepaid income taxes, and other current assets within the Unaudited Condensed Consolidated Balance Sheets. The OBBBA did not have a material impact on the Company's effective tax rate for the three and nine months ended September 30, 2025. The Company does not expect the OBBBA to have a material impact on its future effective tax rate. The Company will continue to monitor developments related to OBBBA and will update its disclosures as appropriate.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and in various foreign jurisdictions. The Company's tax filings remain subject to audits by applicable tax authorities for a certain length of time following the tax year to which those filings relate. Tax years 2021 and forward generally remain open for examination for federal, state, and foreign tax purposes.

## 14. Segment and Geographic Information

The Company has two reportable segments, U.S. Marketplace and Digital Wholesale. Segment information is presented in the same manner as the Company's chief operating decision maker ("CODM"), Jason Trevisan, Chief Executive Officer, reviews the Company's operating results in assessing performance and allocating resources. The CODM reviews segment revenue and segment income (loss) from operations as a proxy for the performance of the Company's operations. The CODM uses segment income (loss) from operations in the annual budgeting and monthly forecasting process. The CODM considers segment income (loss) from operations in analyses of the actual amounts against budgeted and forecasted values to evaluate the performance of each segment and to make decisions for the allocation of capital and other resources to each segment.

The U.S. Marketplace segment derives revenue from marketplace services from customers within the U.S. The Digital Wholesale segment derives revenue from Dealer-to-Dealer and IMCO services and products which are sold on the CarOffer platform. The Company also has two operating segments which are individually immaterial and, therefore, aggregated into the Other category to reconcile reportable segments to the Unaudited Condensed Consolidated Income Statements. The Other category derives revenue from marketplace services from customers outside of the U.S.

Revenue and costs discretely incurred by reportable segments, including depreciation and amortization, are included in the calculation of reportable segment income (loss) from operations. During the three months ended September 30, 2025, the Company reallocated certain expenses from the Digital Wholesale segment to the U.S. Marketplace segment to reflect the ongoing costs that will continue following the CarOffer wind-down.

The Company's significant segment expenses consist of cost of revenue and sales and marketing expense. The Company's other segment items consist of product, technology, and development expense and general and administrative expense. The Company has disclosed depreciation and amortization expense separately from other segment items to meet disclosure requirements.

Asset information by reportable segment is not provided to the CODM as asset information is assessed and reviewed on a consolidated basis.

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, segment revenue, significant segment expenses, segment depreciation and amortization, segment income (loss) from operations, and the reconciliation from segment income (loss) from operations to total income (loss) before income taxes were as follows:

|                                                                                    | Three Months Ended September 30, |                   |                   |
|------------------------------------------------------------------------------------|----------------------------------|-------------------|-------------------|
|                                                                                    | 2025                             |                   |                   |
|                                                                                    | U.S. Marketplace                 | Digital Wholesale | Total             |
| Revenue                                                                            |                                  |                   |                   |
| Revenue from external customers                                                    | \$ 210,441                       | \$ 7,043          | \$ 217,484        |
| Total segment revenue                                                              | \$ 210,441                       | \$ 7,043          | \$ 217,484        |
| Reconciliation of Revenue                                                          |                                  |                   |                   |
| Other revenue                                                                      |                                  |                   | 21,212            |
| Total revenue                                                                      |                                  |                   | <u>\$ 238,696</u> |
| Less                                                                               |                                  |                   |                   |
| Cost of revenue <sup>(1)</sup>                                                     | 15,284                           | 8,218             | 23,502            |
| Sales and marketing                                                                | 72,900                           | 2,329             | 75,229            |
| Depreciation and amortization                                                      | 3,786                            | 843               | 4,629             |
| Other segment items                                                                | 57,462                           | 5,094             | 62,556            |
| Total segment expenses                                                             | <u>149,432</u>                   | <u>16,484</u>     | <u>165,916</u>    |
| Total segment income (loss) from operations                                        | 61,009                           | (9,441)           | 51,568            |
| Reconciliation of segment income (loss) from operations to income from operations  |                                  |                   |                   |
| Other operating income                                                             |                                  |                   | 3,106             |
| Total income from operations                                                       |                                  |                   | <u>54,674</u>     |
| Reconciliation of total income from operations to total income before income taxes |                                  |                   |                   |
| Total other income, net                                                            |                                  |                   | 1,893             |
| Total income before income taxes                                                   |                                  |                   | <u>\$ 56,567</u>  |

- (1) For the three months ended September 30, 2025, U.S. Marketplace and Digital Wholesale cost of revenue includes depreciation and amortization expense of \$2,167 and \$205, respectively.

|                                                                                 | Three Months Ended September 30, |                   |            |
|---------------------------------------------------------------------------------|----------------------------------|-------------------|------------|
|                                                                                 | 2024                             |                   |            |
|                                                                                 | U.S. Marketplace                 | Digital Wholesale | Total      |
| Revenue                                                                         |                                  |                   |            |
| Revenue from external customers                                                 | \$ 187,253                       | \$ 27,339         | \$ 214,592 |
| Total segment revenue                                                           | \$ 187,253                       | \$ 27,339         | \$ 214,592 |
| Reconciliation of Revenue                                                       |                                  |                   |            |
| Other revenue                                                                   |                                  |                   | 16,766     |
| Total revenue                                                                   |                                  |                   | \$ 231,358 |
| Less                                                                            |                                  |                   |            |
| Cost of revenue <sup>(1)(2)</sup>                                               | 11,985                           | 35,286            | 47,271     |
| Sales and marketing                                                             | 66,185                           | 4,372             | 70,557     |
| Depreciation and amortization                                                   | 1,770                            | 482               | 2,252      |
| Other segment items <sup>(3)</sup>                                              | 56,903                           | 12,516            | 69,419     |
| Total segment expenses                                                          | 136,843                          | 52,656            | 189,499    |
| Total segment income (loss) from operations                                     | 50,410                           | (25,317)          | 25,093     |
| Reconciliation of segment income (loss) from operations to loss from operations |                                  |                   |            |
| Other operating income                                                          |                                  |                   | 2,341      |
| Total income from operations                                                    |                                  |                   | 27,434     |
| Reconciliation of total loss from operations to total loss before income taxes  |                                  |                   |            |
| Total other income, net                                                         |                                  |                   | 2,623      |
| Total income before income taxes                                                |                                  |                   | \$ 30,057  |

- (1) For the three months ended September 30, 2024, U.S. Marketplace and Digital Wholesale cost of revenue includes depreciation and amortization expense of \$824 and \$1,804, respectively.
- (2) For the three months ended September 30, 2024, Digital Wholesale cost of revenue includes impairment of \$9,750. For further discussion of impairments, refer to Note 6 of the consolidated financial statements included within the Annual Report.
- (3) For the three months ended September 30, 2024, Digital Wholesale other segment items includes impairment of \$7,026. For further discussion of impairments, refer to Note 6 of the consolidated financial statements included within the Annual Report.

|                                                                                    | Nine Months Ended September 30, |                   |                   |
|------------------------------------------------------------------------------------|---------------------------------|-------------------|-------------------|
|                                                                                    | 2025                            |                   |                   |
|                                                                                    | U.S. Marketplace                | Digital Wholesale | Total             |
| Revenue                                                                            |                                 |                   |                   |
| Revenue from external customers                                                    | \$ 608,321                      | \$ 32,001         | \$ 640,322        |
| Total segment revenue                                                              | \$ 608,321                      | \$ 32,001         | \$ 640,322        |
| Reconciliation of Revenue                                                          |                                 |                   |                   |
| Other revenue                                                                      |                                 |                   | 57,565            |
| Total revenue                                                                      |                                 |                   | <u>\$ 697,887</u> |
| Less                                                                               |                                 |                   |                   |
| Cost of revenue <sup>(1)(2)</sup>                                                  | 42,148                          | 33,511            | 75,659            |
| Sales and marketing                                                                | 214,889                         | 7,669             | 222,558           |
| Depreciation and amortization                                                      | 11,016                          | 1,800             | 12,816            |
| Other segment items <sup>(3)</sup>                                                 | 170,716                         | 41,282            | 211,998           |
| Total segment expenses                                                             | <u>438,769</u>                  | <u>84,262</u>     | <u>523,031</u>    |
| Total segment income (loss) from operations                                        | 169,552                         | (52,261)          | 117,291           |
| Reconciliation of segment income (loss) from operations to income from operations  |                                 |                   |                   |
| Other operating income                                                             |                                 |                   | 7,982             |
| Total income from operations                                                       |                                 |                   | <u>125,273</u>    |
| Reconciliation of total income from operations to total income before income taxes |                                 |                   |                   |
| Total other income, net                                                            |                                 |                   | 7,253             |
| Total income before income taxes                                                   |                                 |                   | <u>\$ 132,526</u> |

- (1) For the nine months ended September 30, 2025, U.S. Marketplace and Digital Wholesale cost of revenue includes depreciation and amortization expense of \$5,717 and \$1,085, respectively.
- (2) For the nine months ended September 30, 2025, Digital Wholesale cost of revenue includes impairment of \$2,919. For further discussion of impairments, refer to Note 6 of the Unaudited Condensed Consolidated Financial Statements.
- (3) For the nine months ended September 30, 2025, Digital Wholesale other segment items includes impairment of \$29,633. For further discussion of impairments, refer to Note 6 of the Unaudited Condensed Consolidated Financial Statements.

|                                                                                 | Nine Months Ended September 30,<br>2024 |                   |             |
|---------------------------------------------------------------------------------|-----------------------------------------|-------------------|-------------|
|                                                                                 | U.S. Marketplace                        | Digital Wholesale | Total       |
| Revenue                                                                         |                                         |                   |             |
| Revenue from external customers                                                 | \$ 540,293                              | \$ 79,441         | \$ 619,734  |
| Total segment revenue                                                           | \$ 540,293                              | \$ 79,441         | \$ 619,734  |
| Reconciliation of Revenue                                                       |                                         |                   |             |
| Other revenue                                                                   |                                         |                   | 46,112      |
| Total revenue                                                                   |                                         |                   | \$ 665,846  |
| Less                                                                            |                                         |                   |             |
| Cost of revenue <sup>(1)(2)</sup>                                               | 37,480                                  | 84,839            | 122,319     |
| Sales and marketing                                                             | 200,699                                 | 15,359            | 216,058     |
| Depreciation and amortization                                                   | 4,754                                   | 2,369             | 7,123       |
| Other segment items <sup>(3)</sup>                                              | 170,690                                 | 150,689           | 321,379     |
| Total segment expenses                                                          | 413,623                                 | 253,256           | 666,879     |
| Total segment income (loss) from operations                                     | 126,670                                 | (173,815)         | (47,145)    |
| Reconciliation of segment income (loss) from operations to loss from operations |                                         |                   |             |
| Other operating income                                                          |                                         |                   | 7,279       |
| Total loss from operations                                                      |                                         |                   | (39,866)    |
| Reconciliation of total loss from operations to total loss before income taxes  |                                         |                   |             |
| Total other income, net                                                         |                                         |                   | 9,185       |
| Total loss before income taxes                                                  |                                         |                   | \$ (30,681) |

- (1) For the nine months ended September 30, 2024, U.S. Marketplace and Digital Wholesale cost of revenue includes depreciation and amortization expense of \$2,824 and \$7,634, respectively.
- (2) For the nine months ended September 30, 2024, Digital Wholesale cost of revenue includes impairment expense of \$9,930. For further discussion of impairments, refer to Note 6 of the consolidated financial statements included within the Annual Report.
- (3) For the nine months ended September 30, 2024, Digital Wholesale other segment items includes impairment of \$134,501. For further discussion of impairments, refer to Note 6 of the consolidated financial statements included within the Annual Report.

As of September 30, 2025 and December 31, 2024, segment assets were as follows:

|                       | As of September 30,<br>2025 <sup>(1)</sup> | As of<br>December 31,<br>2024 |
|-----------------------|--------------------------------------------|-------------------------------|
| <b>Segment Assets</b> |                                            |                               |
| U.S. Marketplace      | \$ 539,840                                 | \$ 674,138                    |
| Digital Wholesale     | 57,806                                     | 108,890                       |
| Other                 | 62,826                                     | 41,508                        |
| Total                 | \$ 660,472                                 | \$ 824,536                    |

- (1) During the three months ended September 30, 2024, the Company reallocated certain assets from the Digital Wholesale segment to the U.S. Marketplace segment to reflect the ongoing costs that will continue following the CarOffer wind-down.

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, revenue by geographical region were as follows:

|                              | Three Months Ended<br>September 30, |                   | Nine Months Ended<br>September 30, |                   |
|------------------------------|-------------------------------------|-------------------|------------------------------------|-------------------|
|                              | 2025                                | 2024              | 2025                               | 2024              |
| Revenue by Geographic Region |                                     |                   |                                    |                   |
| U.S.                         | \$ 217,484                          | \$ 214,592        | \$ 640,322                         | \$ 619,734        |
| International                | 21,212                              | 16,766            | 57,565                             | 46,112            |
| Total                        | <u>\$ 238,696</u>                   | <u>\$ 231,358</u> | <u>\$ 697,887</u>                  | <u>\$ 665,846</u> |

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

*You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited interim condensed consolidated financial statements, or the Unaudited Condensed Consolidated Financial Statements, and the related notes thereto, included elsewhere in this Quarterly Report, and our consolidated financial statements and the related notes and other financial information included in our Annual Report. Some of the information contained in this discussion and analysis or elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business and our performance and future success, includes forward-looking statements that involve risks and uncertainties. See “Special Note Regarding Forward-Looking Statements.” For a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis you should review our Annual Report, including those cautionary statements set forth under Part I, Item 1A “Risk Factors,” and in Part II, Item 1A, “Risk Factors,” of this Quarterly Report. We qualify all of our forward-looking statements by such cautionary statements.*

*In this discussion, we use financial measures that are considered non-GAAP financial measures under SEC rules. These rules regarding non-GAAP financial measures require supplemental explanation and reconciliation, which are included elsewhere in this Quarterly Report. Investors should not consider non-GAAP financial measures in isolation from or in substitution for, financial information presented in compliance with U.S. generally accepted accounting principles, or GAAP.*

*This section of this Quarterly Report discusses 2025 and 2024 items and period-to-period comparisons between 2025 and 2024. The period-to-period comparison of financial results is not necessarily indicative of future results.*

### Company Overview

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

We operate the following marketplaces:

| U.S., U.K., and Canada                                                              | U.S.                                                                                | U.K.                                                                                  |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|  |  |  |
| <i>Autolist and PistonHeads operate as independent brands.</i>                      |                                                                                     |                                                                                       |

We have subsidiaries in the U.S., Canada, Ireland, and the U.K. and we have two reportable segments, U.S. Marketplace and Digital Wholesale. See Note 14 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report for further segment reporting and geographic information.

We derive our revenue from marketplace revenue, wholesale revenue, and product revenue. Marketplace revenue is included in the U.S. Marketplace segment and Other category of segment reporting. Wholesale revenue and product revenue are included in the Digital Wholesale segment. We generate marketplace revenue from (i) dealer subscriptions to our Listings packages, Real-time Performance Marketing, or RPM, our digital advertising suite, Digital Retail, and Sell My Car (formerly known as Sell My Car - Top Dealer Offers), (ii) advertising revenue from auto manufacturers and other brand advertisers, and (iii) revenue from partnerships with financing services companies. We generate wholesale revenue primarily from (x) transaction fees earned from the purchase and sale of vehicles between dealers, or Dealer-to-Dealer transactions, (y) transaction fees earned from the sale of vehicles to dealers that we acquire at other marketplaces, and (z) transaction fees earned from performing inspection and transportation services, inclusive of Dealer-to-Dealer transactions, other marketplace-to-dealer transactions, and IMCO transactions (as defined below). We expect wholesale revenue to decrease and cease by the end of 2025 due to the wind-down of CarOffer, including the CarOffer Transactions Business, as discussed below. We generate product revenue primarily from (A) aggregate proceeds received from the sale of vehicles to dealers that were acquired directly from customers, or Instant Max Cash Offer, or IMCO transactions, and (B) proceeds received from the sale of vehicles that were acquired through arbitration. We expect product revenue to decrease and cease by the end of 2025 due to the wind-down of CarOffer, including the CarOffer Transactions Business, as discussed below.

For the three months ended September 30, 2025, we generated revenue of \$238.7 million, a 3% increase from \$231.4 million of revenue for the three months ended September 30, 2024. For the three months ended September 30, 2025, we generated net income of \$44.7 million and Adjusted EBITDA, a non-GAAP measure, of \$78.7 million, compared to net income of \$22.5 million and Adjusted EBITDA of \$64.9 million for the three months ended September 30, 2024.

For the nine months ended September 30, 2025, we generated revenue of \$697.9 million, a 5% increase from \$665.8 million of revenue for the nine months ended September 30, 2024. For the nine months ended September 30, 2025, we generated net income of \$106.1 million and Adjusted EBITDA, a non-GAAP measure, of \$222.3 million, compared to net loss of \$24.9 million and Adjusted EBITDA of \$170.8 million for the nine months ended September 30, 2024.

See below for more information regarding our use and reconciliation of Adjusted EBITDA.

## Wind-Down of CarOffer

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

We have begun to wind down CarOffer and expect to substantially complete the wind-down activities by the end of 2025. During the third quarter of 2025 we lowered our estimate of total expenditures associated with the wind-down, inclusive of amounts incurred to date and those expected through completion, to be in the range of \$13.0 million to \$15.0 million. As of September 30, 2025, we expect remaining cash expenditures to be in the range of \$7.0 million to \$9.0 million. A significant portion of the cash payments are expected to be paid in the remainder of 2025, with the remaining expected to be paid in the first half of 2026.

For further discussion of the wind-down, refer to Note 7 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

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

## Key Business Metrics

We regularly review a number of metrics, including the key metrics listed below, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections, and make operating and strategic decisions. We believe it is important to evaluate these metrics, as applicable, for the U.S. and International geographic regions. The International region derives revenue from marketplace revenue from customers outside of the U.S. International markets perform differently from the U.S. market due to a variety of factors, including our operating history in each market, our rate of investment, market size, market maturity, competition, and other dynamics unique to each country.

Historically, we have used data from Google Universal Analytics, or Google Analytics, to measure two of our key business metrics: monthly unique users and monthly sessions. Effective July 1, 2024, Google Analytics 4, or GA4, replaced Google Analytics. The methodologies used in GA4 are different and not comparable to the methodologies used in Google Analytics. As discussed below, we also make certain adjustments to the GA4 data in order to improve the accuracy of the reported monthly unique users and monthly sessions. Due to the change in methodology, we are unable to provide comparable monthly unique user and monthly session information for prior periods, including any periods prior to June 30, 2024.

### Monthly Unique Users

For each of our websites (excluding the CarOffer website), we define a monthly unique user as an individual who has visited any such website and taken a Visitor Action (as defined below) within a calendar month, based on data as measured by GA4. We calculate average monthly unique users as the sum of the monthly unique users of each of our websites in a defined period, divided by the number of months in that period. Effective July 1, 2024, we count a unique user the first time a computer or mobile device with a unique device identifier accesses any of our websites or application during a calendar month and takes an action on such website or in such application, such as performing a search, visiting vehicle detail pages, and connecting with a dealer, which we refer to as a Visitor Action. If an individual accesses a website or application using a different device within a given month, the first Visitor Action taken by each such device is counted as a separate unique user. If an individual uses multiple browsers on a single device and/or clears their cookies and returns to our website or application and takes a Visitor Action within a calendar month, each such Visitor Action is counted as a separate unique user. We eliminate any duplicate unique users that may arise when users visit a webview within our native application.

We are subject to evolving privacy laws governing cookies and tracking technologies. Privacy regulations that require user consent for tracking technologies, such as cookies, may limit our ability to collect certain data, which could result in an undercount of actual average monthly unique users. Conversely, interactions with our websites generated by bots and other automated mechanisms may inflate GA4 data, which could lead to an overcount of average monthly unique users.

We view our average monthly unique users as a key indicator of the quality of our user experience, the effectiveness of our advertising and traffic acquisition, and the strength of our brand awareness. Measuring unique users is important to us and we believe it provides useful information to our investors because our marketplace revenue depends, in part, on our ability to provide dealers with connections to our users and exposure to our marketplace audience. We define connections as interactions between consumers and dealers on our marketplace through phone calls, email, managed text and chat, and clicks to access the dealer's website or map directions to the dealership.

| Average Monthly Unique Users | Three Months Ended<br>September 30, |        | Nine Months Ended<br>September 30, |                     |
|------------------------------|-------------------------------------|--------|------------------------------------|---------------------|
|                              | 2025                                | 2024   | 2025                               | 2024 <sup>(1)</sup> |
|                              | (in thousands)                      |        | (in thousands)                     |                     |
| U.S.                         | 38,249                              | 32,279 | 35,773                             | N/A                 |
| International                | 10,175                              | 9,861  | 10,347                             | N/A                 |
| Total                        | 48,424                              | 42,140 | 46,120                             | N/A                 |

(1) As a result of the change from Google Analytics to GA4, we are unable to provide comparable monthly unique user information for this period.

## Monthly Sessions

We define monthly sessions as the number of distinct visits to our websites (excluding the CarOffer website) that include a Visitor Action that take place each month within a given time frame, as measured and defined by GA4. We calculate average monthly sessions as the sum of the monthly sessions in a defined period, divided by the number of months in that period. Effective July 1, 2024, a session is defined as beginning with the first Visitor Action from a computer or mobile device and ending at the earliest of when a user closes their browser window or after 30 minutes of inactivity. We eliminate any duplicate monthly sessions that may arise when users visit a webview within our native application.

We are subject to evolving privacy laws governing cookies and tracking technologies. Privacy regulations that require user consent for tracking technologies, such as cookies, may limit our ability to collect certain data, which could result in an undercount of actual average monthly sessions. Conversely, interactions with our websites generated by bots and other automated mechanisms may inflate GA4 data, which could lead to an overcount of average monthly sessions.

We believe that measuring the volume of sessions in a time period, when considered in conjunction with the number of unique users in that time period, is an important indicator to us of consumer satisfaction and engagement with our marketplace, and we believe it provides useful information to our investors because the more satisfied and engaged consumers we have, the more valuable our service is to dealers.

| Average Monthly Sessions | Three Months Ended<br>September 30, |         | Nine Months Ended<br>September 30, |                     |
|--------------------------|-------------------------------------|---------|------------------------------------|---------------------|
|                          | 2025                                | 2024    | 2025                               | 2024 <sup>(1)</sup> |
|                          | (in thousands)                      |         | (in thousands)                     |                     |
| U.S.                     | 89,032                              | 80,370  | 86,450                             | N/A                 |
| International            | 20,513                              | 20,423  | 21,344                             | N/A                 |
| Total                    | 109,545                             | 100,793 | 107,794                            | N/A                 |

(1) As a result of the change from Google Analytics to GA4, we are unable to provide comparable monthly sessions information for this period.

## Number of Paying Dealers

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

| Number of Paying Dealers | As of September 30, |        |
|--------------------------|---------------------|--------|
|                          | 2025                | 2024   |
| U.S.                     | 25,743              | 24,561 |
| International            | 7,930               | 7,123  |
| Total                    | 33,673              | 31,684 |

## Quarterly Average Revenue per Subscribing Dealer (QARSD)

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

| Quarterly Average Revenue per Subscribing Dealer (QARSD) | Three Months Ended<br>September 30, |          |
|----------------------------------------------------------|-------------------------------------|----------|
|                                                          | 2025                                | 2024     |
| U.S.                                                     | \$ 7,742                            | \$ 7,177 |
| International                                            | \$ 2,375                            | \$ 2,057 |
| Consolidated                                             | \$ 6,492                            | \$ 6,038 |

## Adjusted EBITDA

To provide investors with additional information regarding our financial results, we have presented within this Quarterly Report Adjusted EBITDA, which is a non-GAAP financial measure. This non-GAAP financial measure is not based on any standardized methodology prescribed by GAAP, and is not necessarily comparable to any similarly titled measures presented by other companies.

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

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

Our Adjusted EBITDA is not prepared in accordance with GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net income, which is the most directly comparable GAAP equivalent. Some of these limitations are:

- Adjusted EBITDA excludes depreciation and amortization expense and, although these are non-cash expenses, the assets being depreciated may have to be replaced in the future;
- Adjusted EBITDA excludes stock-based compensation expense, which will be, for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- Adjusted EBITDA excludes transaction-related expenses incurred by us during a reporting period, which are inclusive of certain transaction and integration costs associated with our 2023 acquisition of the remaining minority equity interests in CarOffer and which may not be reflective of our operational performance during such period, for acquisitions that have been completed as of the filing date of our annual or quarterly report (as applicable) relating to such period;

- Adjusted EBITDA excludes restructuring expenses incurred by us during a reporting period, which may not be reflective of our operational performance during such period;
- Adjusted EBITDA excludes impairments, which include non-cash one-time expenses associated with the impairment of CarOffer as well as impairments of certain other assets, which may have to be replaced in the future;
- Adjusted EBITDA excludes other income, net, which consists primarily of interest income earned on our cash, cash equivalents, and foreign exchange gains and losses;
- Adjusted EBITDA excludes the provision for (benefit from) income taxes; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, we consider, and you should consider, Adjusted EBITDA together with other operating and financial performance measures presented in accordance with GAAP.

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, the following table presents a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable measure calculated in accordance with GAAP for each of the periods presented.

|                                           | Three Months Ended |                  | Nine Months Ended |                   |
|-------------------------------------------|--------------------|------------------|-------------------|-------------------|
|                                           | September 30,      |                  | September 30,     |                   |
|                                           | 2025               | 2024             | 2025              | 2024              |
|                                           | (in thousands)     |                  | (in thousands)    |                   |
| <b>Reconciliation of Adjusted EBITDA</b>  |                    |                  |                   |                   |
| Net income (loss)                         | \$ 44,717          | \$ 22,511        | \$ 106,105        | \$ (24,909)       |
| Depreciation and amortization             | 7,356              | 5,178            | 20,592            | 18,322            |
| Stock-based compensation expense          | 12,627             | 15,455           | 38,552            | 46,834            |
| Transaction-related expenses              | 206                | 39               | 1,486             | 1,115             |
| Restructuring expenses                    | 3,803              | —                | 3,803             | —                 |
| Impairments                               | —                  | 16,776           | 32,552            | 144,431           |
| Other income, net                         | (1,893)            | (2,623)          | (7,253)           | (9,185)           |
| Provision for (benefit from) income taxes | 11,850             | 7,546            | 26,421            | (5,772)           |
| Adjusted EBITDA                           | <u>\$ 78,666</u>   | <u>\$ 64,882</u> | <u>\$ 222,258</u> | <u>\$ 170,836</u> |

## Components of Unaudited Condensed Consolidated Income Statements

### Revenue

We derive our revenue from marketplace revenue, wholesale revenue, and product revenue. Marketplace revenue is included in the U.S. Marketplace segment and Other category of segment reporting. Wholesale revenue and product revenue are included in the Digital Wholesale segment. We generate marketplace revenue from (i) dealer subscriptions to our Listings packages, RPM, our digital advertising suite, Digital Retail, and Sell My Car (formerly known as Sell My Car - Top Dealer Offers), (ii) advertising revenue from auto manufacturers and other brand advertisers, and (iii) revenue from partnerships with financing services companies. We generate wholesale revenue primarily from (x) transaction fees earned from Dealer-to-Dealer transactions, (y) transaction fees earned from the sale of vehicles to dealers that we acquire at other marketplaces, and (z) transaction fees earned from performing inspection and transportation services, inclusive of Dealer-to-Dealer transactions, other marketplace-to-dealer transactions, and IMCO transactions. We expect wholesale revenue to decrease and cease by the end of 2025 due to the wind-down of CarOffer, including the CarOffer Transactions Business. We generate product revenue primarily from (A) aggregate proceeds received from the sale of vehicles that were acquired through IMCO transactions, and (B) proceeds received from the sale of vehicles that were acquired through arbitration. We expect product revenue to decrease and cease by the end of 2025 due to the wind-down of CarOffer, including the CarOffer Transactions Business.

#### **Marketplace Revenue**

We offer multiple types of marketplace Listings packages to our dealers for our CarGurus U.S. platform (availability varies on our other marketplaces): Restricted Listings, which is free; and various levels of Listings packages, each of which require a paid subscription under a monthly, quarterly, semiannual, or annual subscription basis.

Our subscriptions for customers generally auto-renew on a monthly basis and are cancellable by dealers with 30 days' advance notice prior to the commencement of the applicable renewal term. Subscription pricing is determined based on a dealer's inventory size, region, and our assessment of the connections and ROI the platform will provide them and is subject to discounts and/or fee reductions that we may offer from time to time. We also offer all dealers on the platform access to our Dealer Dashboard, which includes a performance summary, Dealer Insights tool, and user review management platform. Only dealers subscribing to a paid Listings package have access to the Pricing Tool, Market Analysis tool, and Instant Market Value Scan tool.

We also offer paid Listings packages for the Autolist and PistonHeads websites.

In addition to displaying inventory in our marketplace and providing access to the Dealer Dashboard, we offer dealers subscribing to certain of our Listings packages other subscription advertising and customer acquisition products and enhancements marketed under RPM and our digital advertising suite. Through RPM, dealers can buy advertising that appears in our marketplace, on other sites on the internet, and/or on high-converting social media platforms. Such advertisements can be targeted by the user's geography, search history, CarGurus website activity, and a number of other targeting factors, allowing dealers to increase their visibility with in-market consumers and drive qualified traffic for dealers.

We also offer dealer advertising products for the PistonHeads website.

We also offer dealers subscribing to certain of our Listings packages other subscription advertising and customer acquisition products and enhancements such as Digital Retail, which allows shoppers to complete much of the vehicle-purchase process online through the Dealers' Listings page. Digital Retail is comprised of (i) the Digital Deal Platform, which gives dealers higher quality leads through upfront consumer-provided information; (ii) Geo Expansion, which expands the visibility of a dealer's inventory in the search results beyond its local market; and (iii) Hard Pull Financing, which provides loan information.

We also offer dealers subscribing to certain of our Listings packages other subscription advertising and customer acquisition products and enhancements such as Sell My Car (formerly known as Sell My Car - Top Dealer Offers), which allows dealers to pay for leads to receive direct access to shoppers actively looking to sell their vehicles. Dealers can acquire inventory from shoppers who are looking to sell directly through the CarGurus Sell My Car page.

Marketplace revenue also consists of non-dealer advertising revenue from auto manufacturers and other brand advertisers sold on a cost-per-thousand impressions basis. An impression is an advertisement loaded on a web page. We also have advertising sold on a cost-per-click basis. Pricing is primarily based on advertisement size and position on our websites and mobile applications. Auto manufacturers and other brand advertisers can execute advertising campaigns that are targeted across a wide variety of parameters, including demographic groups, behavioral characteristics, specific auto brands, categories such as Certified Pre-Owned, and segments such as hybrid vehicles. We do not provide minimum impression guarantees or other types of minimum guarantees in our contracts with customers. Advertising is also sold indirectly through revenue sharing arrangements with advertising exchange partners.

We also offer non-dealer advertising products for the Autolist and PistonHeads websites.

Marketplace revenue also includes revenue from partnerships with certain financing services companies pursuant to which we enable eligible consumers on our CarGurus U.S. website to pre-qualify for financing on cars from dealerships that offer financing through such companies. We primarily generate revenue from these partnerships based on the number of funded loans from consumers who pre-qualify with our lending partners through our site.

### **Wholesale Revenue**

The CarOffer Matrix enables buying dealers to create standing buy orders and provides instant offers to selling dealers. Wholesale revenue includes transaction fees earned from Dealer-to-Dealer transactions, where we collect fees from both the buying and selling dealers. We also sell vehicles to dealers that we acquire at other marketplaces, where we collect a transaction fee from the buying dealers.

Wholesale revenue also includes fees earned from performing inspection and transportation services, where we collect fees from the buying dealer. Inspection and transportation service revenue is inclusive of Dealer-to-Dealer transactions, other marketplace-to-dealer transactions, and IMCO transactions.

Wholesale revenue also includes arbitration in which the vehicle is rematched to a new buyer and not acquired by us. Arbitration is the process by which we investigate and resolve claims from buying dealers.

Wholesale revenue also includes fees earned from certain guarantees offered to dealers (which include 45-Day Guarantee and OfferGuard products), where we collect fees from the buying dealer or selling dealer, as applicable.

We expect CarOffer wholesale revenue to decrease and cease by the end of 2025 due to the wind-down of CarOffer, including the CarOffer Transactions Business.

### **Product Revenue**

The CarOffer Matrix enables consumers who are selling vehicles to be instantly presented with an offer. Product revenue includes the aggregate proceeds received from the sale of vehicles through IMCO transactions, including vehicle sale price and transaction fees collected from the buying dealers. Product revenue also includes proceeds received from the sale of vehicles acquired through arbitration, including vehicle sale price and transaction fees collected from buying dealers. Arbitration is the process by which we investigate and resolve claims from buying dealers. We control the vehicle in these transactions and, therefore, act as the principal.

We expect CarOffer product revenue to decrease and cease by the end of 2025 due to the wind-down of CarOffer, including the CarOffer Transactions Business.

## Cost of Revenue

### ***Marketplace Cost of Revenue***

Marketplace cost of revenue includes expenses related to supporting and hosting marketplace service offerings. These expenses include personnel and related expenses for our customer support team, including salaries, benefits, incentive compensation, and stock-based compensation; third-party service provider expenses such as advertising, data, and hosting expenses; amortization of developed technology; amortization of capitalized website development; amortization of capitalized hosting arrangements; and allocated overhead expenses.

We allocate overhead expenses, such as rent and facility expenses, software expense, and employee benefit expense, to all departments based on headcount. As such, general overhead expenses are reflected in cost of revenue and each operating expense category.

### ***Wholesale Cost of Revenue***

Wholesale cost of revenue includes expenses related to supporting and hosting Digital Wholesale service offerings, including Dealer-to-Dealer transactions and vehicles sold to dealers acquired at other marketplaces on the CarOffer Matrix. These expenses include vehicle transportation and inspection expenses; net losses on vehicles related to guarantees offered to dealers through Dealer-to-Dealer transactions; personnel and related expenses for employees directly involved in the fulfillment and support of transactions, including salaries, benefits, incentive compensation, and stock-based compensation; third-party service provider expenses; amortization of developed technology; amortization and impairment of capitalized website development; one-time restructuring costs; and allocated overhead expenses.

We allocate overhead expenses, such as rent and facility expenses, software expense, and employee benefit expense, to all departments based on headcount. As such, general overhead expenses are reflected in cost of revenue and each operating expense category.

We expect CarOffer wholesale cost of revenue to decrease and cease by the end of 2025 due to the wind-down of CarOffer, including the CarOffer Transactions Business.

### ***Product Cost of Revenue***

Product cost of revenue includes expenses related to vehicles sold to dealers through IMCO transactions and vehicles sold to dealers acquired through arbitration. These expenses include the cost of the vehicle and transportation expenses.

We expect CarOffer product cost of revenue to decrease and cease by the end of 2025 due to the wind-down of CarOffer, including the CarOffer Transactions Business.

## Operating Expenses

### ***Sales and Marketing***

Sales and marketing expense consists primarily of personnel and related expenses for our sales and marketing team, including salaries, benefits, incentive compensation, commissions, and stock-based compensation; expenses associated with consumer marketing, such as traffic acquisition, brand building, and public relations activities; expenses associated with dealer marketing, such as content marketing, customer and promotional events, and industry events; consulting services; software subscription expenses; travel expenses; amortization of capitalized hosting arrangements; one-time restructuring costs; and allocated overhead expenses. A portion of our commissions that are related to obtaining a new contract are capitalized and amortized over the estimated benefit period of customer relationships. Other than commissions amortization, all other sales and marketing expenses are expensed as incurred. We expect sales and marketing expense to fluctuate from quarter to quarter due to seasonality and as we respond to changes in the macroeconomic and competitive landscapes affecting our existing dealers, consumer audience, and brand awareness, inclusive of an expected decrease in expense after the wind-down of CarOffer, including the CarOffer Transactions Business, is completed.

### ***Product, Technology, and Development***

Product, technology, and development expense consists primarily of personnel and related expenses for our research and development team, including salaries, benefits, incentive compensation, and stock-based compensation; software subscription expenses; consulting services; one-time restructuring costs; and allocated overhead expenses. Other than website development, internal-use software, and hosting arrangement expenses, research and development expenses are expensed as incurred. We expect product, technology, and development expense to increase from quarter to quarter as we invest in additional engineering resources to develop innovative new solutions and make improvements to our existing platform, offset in part by an expected decrease in expense after the wind-down of CarOffer, including the CarOffer Transactions Business, is completed.

### ***General and Administrative***

General and administrative expense consists primarily of personnel and related expenses for our executive, finance, legal, people and talent, and administrative teams, including salaries, benefits, incentive compensation, and stock-based compensation; expenses associated with professional fees for audit, tax, external legal, and consulting services; payment processing and billing expenses; insurance expenses; software subscription expenses; one-time restructuring costs; and allocated overhead expenses. General and administrative expense is expensed as incurred. We expect general and administrative expense to increase as we continue to scale our business, partly offset by an expected decrease in expense after the wind-down of CarOffer, including the CarOffer Transactions Business, is completed.

### ***Impairments***

During the three months ended June 30, 2025, we identified a triggering event that required an interim impairment test at CarOffer due to the sustained low volume of the number of vehicles processed from car dealers, consumers, and other marketplaces through the CarOffer website within the applicable period within the Digital Wholesale segment, which we refer to as Transactions, and a delay in the business's expected return to growth. We performed an updated fair value analysis of CarOffer, and subsequently recognized impairment losses of \$0.5 million, \$0.3 million, \$0.8 million, \$4.8 million, \$6.6 million, and \$19.6 million for right-of-use assets, capitalized hosting arrangements, capitalized internal-use software, capitalized website development costs, intangible assets, and goodwill, respectively. For the three months ended September 30, 2025, we did not recognize any Digital Wholesale segment impairment charges related to CarOffer. For the nine months ended September 30, 2025, we recognized Digital Wholesale segment impairment charges related to CarOffer of \$29.6 million as impairment operating expense.

For further discussion of 2025 impairments, refer to Note 6 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

During the three months ended June 30, 2024, we identified a triggering event for impairment testing purposes at CarOffer due to organizational changes and Transaction volume declines, which resulted in revisions to our financial projections for CarOffer. As a result, we performed an updated fair value analysis of CarOffer, and subsequently recognized impairment losses of \$4.7 million, \$7.6 million, and \$115.2 million for right-of-use assets, intangible assets, and goodwill, respectively. For the three months ended September 30, 2024, there were no impairment losses recognized related to CarOffer. For the nine months ended September 30, 2024, we recognized Digital Wholesale segment impairment charges related to CarOffer of \$127.5 million as impairment operating expense.

During the three months ended September 30, 2024, we decided to end our CG Buy Online pilot in order to redirect those resources toward other investment opportunities, including continued product innovation and development across our business. The CG Buy Online pilot was one of the initiatives that allowed consumers to purchase vehicles online. As a result, we recognized impairment losses of \$15.8 million, \$0.5 million, and \$0.5 million for property and equipment, net, prepaid expenses, prepaid income taxes and other current assets, and other non-current assets, respectively. For both the three and nine months ended September 30, 2024, we recognized Digital Wholesale segment impairment charges related to CG Buy Online of \$9.8 million and \$7.0 million as wholesale cost of revenue and goodwill and other asset impairment operating expense, respectively.

For further discussion of 2024 impairments, refer to Note 6 of the consolidated financial statements included within the Annual Report.

### ***Depreciation and Amortization***

Depreciation and amortization expense consists of depreciation on property and equipment and amortization of intangible assets and internal-use software.

### **Other Income, Net**

Other income, net consists primarily of interest income earned on our cash and cash equivalents, as well as foreign exchange gains and losses.

### **Provision for (Benefit from) Income Taxes**

The provision for (benefit from) income taxes consists of federal and state income taxes in the U.S. and taxes in foreign jurisdictions in which we operate. For the three months ended September 30, 2025 and 2024, and for the nine months ended September 30, 2025, a provision for income taxes was recognized as a result of the consolidated taxable income position. For the nine months ended September 30, 2024, a benefit from income taxes was recognized as a result of the discrete tax benefit associated with the impairment charge and our consolidated taxable loss position.

On July 4, 2025, the One Big Beautiful Bill Act, or the OBBBA, was enacted in the U.S. The OBBBA includes significant tax provisions, such as accelerated cost recovery of qualified property, immediate expensing of U.S.-based research and development costs, and changes to the U.S. international taxation regime. The OBBBA has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The impact of these changes will be recognized in the period in which the legislation was enacted. The OBBBA includes a provision which allows for immediate expensing of domestic research costs and accelerated amortization of previously capitalized domestic research costs. For the nine months ended September 30, 2025, we have incorporated the change into our provision for income taxes. Accordingly, the change has decreased deferred tax assets and increased prepaid expenses, prepaid income taxes, and other current assets within the Unaudited Condensed Consolidated Balance Sheets. The OBBBA did not have a material impact on our effective tax rate for the three and nine months ended September 30, 2025. We do not expect the OBBBA to have a material impact on our future effective tax rate. We will continue to monitor developments related to OBBBA and will update our disclosures as appropriate.

## Results of Operations

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, the Unaudited Condensed Consolidated Income Statements were as follows:

|                                           | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |             |
|-------------------------------------------|-------------------------------------|------------|------------------------------------|-------------|
|                                           | 2025                                | 2024       | 2025                               | 2024        |
|                                           | (dollars in thousands)              |            | (dollars in thousands)             |             |
| Revenue                                   |                                     |            |                                    |             |
| Marketplace                               | \$ 231,653                          | \$ 204,019 | \$ 665,886                         | \$ 586,405  |
| Wholesale                                 | 2,249                               | 12,107     | 16,271                             | 41,351      |
| Product                                   | 4,794                               | 15,232     | 15,730                             | 38,090      |
| Total revenue                             | 238,696                             | 231,358    | 697,887                            | 665,846     |
| Cost of revenue                           |                                     |            |                                    |             |
| Marketplace                               | 16,946                              | 13,521     | 46,755                             | 41,051      |
| Wholesale                                 | 3,366                               | 20,415     | 17,883                             | 47,272      |
| Product                                   | 4,852                               | 14,871     | 15,628                             | 37,567      |
| Total cost of revenue                     | 25,164                              | 48,807     | 80,266                             | 125,890     |
| Gross profit                              | 213,532                             | 182,551    | 617,621                            | 539,956     |
| Operating expenses                        |                                     |            |                                    |             |
| Sales and marketing                       | 89,368                              | 81,216     | 260,421                            | 245,801     |
| Product, technology, and development      | 36,316                              | 36,359     | 106,936                            | 108,484     |
| General and administrative                | 28,463                              | 28,187     | 82,305                             | 83,682      |
| Impairments                               | —                                   | 7,026      | 29,633                             | 134,501     |
| Depreciation and amortization             | 4,711                               | 2,329      | 13,053                             | 7,354       |
| Total operating expenses                  | 158,858                             | 155,117    | 492,348                            | 579,822     |
| Income (loss) from operations             | 54,674                              | 27,434     | 125,273                            | (39,866)    |
| Other income, net                         |                                     |            |                                    |             |
| Interest income                           | 2,292                               | 2,717      | 7,524                              | 9,063       |
| Other (expense) income, net               | (399)                               | (94)       | (271)                              | 122         |
| Total other income, net                   | 1,893                               | 2,623      | 7,253                              | 9,185       |
| Income (loss) before income taxes         | 56,567                              | 30,057     | 132,526                            | (30,681)    |
| Provision for (benefit from) income taxes | 11,850                              | 7,546      | 26,421                             | (5,772)     |
| Net income (loss)                         | \$ 44,717                           | \$ 22,511  | \$ 106,105                         | \$ (24,909) |

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, our segment revenue and our segment income (loss) from operations were as follows:

|                                              | Three Months Ended<br>September 30, |                   | Nine Months Ended<br>September 30, |                    |
|----------------------------------------------|-------------------------------------|-------------------|------------------------------------|--------------------|
|                                              | 2025                                | 2024              | 2025                               | 2024               |
|                                              | (dollars in thousands)              |                   | (dollars in thousands)             |                    |
| <b>Segment Revenue</b>                       |                                     |                   |                                    |                    |
| U.S. Marketplace                             | \$ 210,441                          | \$ 187,253        | \$ 608,321                         | \$ 540,293         |
| Digital Wholesale                            | 7,043                               | 27,339            | 32,001                             | 79,441             |
| Other                                        | 21,212                              | 16,766            | 57,565                             | 46,112             |
| Total                                        | <u>\$ 238,696</u>                   | <u>\$ 231,358</u> | <u>\$ 697,887</u>                  | <u>\$ 665,846</u>  |
| <b>Segment Income (Loss) from Operations</b> |                                     |                   |                                    |                    |
| U.S. Marketplace                             | \$ 61,009                           | \$ 50,410         | \$ 169,552                         | \$ 126,670         |
| Digital Wholesale                            | (9,441)                             | (25,317)          | (52,261)                           | (173,815)          |
| Other                                        | 3,106                               | 2,341             | 7,982                              | 7,279              |
| Total                                        | <u>\$ 54,674</u>                    | <u>\$ 27,434</u>  | <u>\$ 125,273</u>                  | <u>\$ (39,866)</u> |

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, the Unaudited Condensed Consolidated Income Statements as a percentage of total revenue were as follows (amounts in the table below may not sum due to rounding):

|                                           | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |             |
|-------------------------------------------|-------------------------------------|------------|------------------------------------|-------------|
|                                           | 2025                                | 2024       | 2025                               | 2024        |
| Revenue                                   |                                     |            |                                    |             |
| Marketplace                               | 97%                                 | 88%        | 95%                                | 88%         |
| Wholesale                                 | 1                                   | 5          | 2                                  | 6           |
| Product                                   | 2                                   | 7          | 2                                  | 6           |
| Total revenue                             | <u>100</u>                          | <u>100</u> | <u>100</u>                         | <u>100</u>  |
| Cost of revenue                           |                                     |            |                                    |             |
| Marketplace                               | 7                                   | 6          | 7                                  | 6           |
| Wholesale                                 | 1                                   | 9          | 3                                  | 7           |
| Product                                   | 2                                   | 6          | 2                                  | 6           |
| Total cost of revenue                     | <u>11</u>                           | <u>21</u>  | <u>12</u>                          | <u>19</u>   |
| Gross profit                              | <u>89</u>                           | <u>79</u>  | <u>88</u>                          | <u>81</u>   |
| Operating expenses                        |                                     |            |                                    |             |
| Sales and marketing                       | 37                                  | 35         | 37                                 | 37          |
| Product, technology, and development      | 15                                  | 16         | 15                                 | 16          |
| General and administrative                | 12                                  | 12         | 12                                 | 13          |
| Impairments                               | —                                   | 3          | 4                                  | 20          |
| Depreciation and amortization             | 2                                   | 1          | 2                                  | 1           |
| Total operating expenses                  | <u>67</u>                           | <u>67</u>  | <u>71</u>                          | <u>87</u>   |
| Income (loss) from operations             | <u>23</u>                           | <u>12</u>  | <u>18</u>                          | <u>(6)</u>  |
| Other income, net                         |                                     |            |                                    |             |
| Interest income                           | 1                                   | 1          | 1                                  | 1           |
| Other (expense) income, net               | (0)                                 | (0)        | (0)                                | 0           |
| Total other income, net                   | <u>1</u>                            | <u>1</u>   | <u>1</u>                           | <u>1</u>    |
| Income (loss) before income taxes         | <u>24</u>                           | <u>13</u>  | <u>19</u>                          | <u>(5)</u>  |
| Provision for (benefit from) income taxes | <u>5</u>                            | <u>3</u>   | <u>4</u>                           | <u>(1)</u>  |
| Net income (loss)                         | <u>19%</u>                          | <u>10%</u> | <u>15%</u>                         | <u>(4)%</u> |

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, our segment revenue as a percentage of total revenue and our segment income (loss) from operations as a percentage of segment revenue were as follows (amounts in the table below may not sum due to rounding):

|                                              | Three Months Ended<br>September 30, |      | Nine Months Ended<br>September 30, |       |
|----------------------------------------------|-------------------------------------|------|------------------------------------|-------|
|                                              | 2025                                | 2024 | 2025                               | 2024  |
| <b>Segment Revenue</b>                       |                                     |      |                                    |       |
| U.S. Marketplace                             | 88%                                 | 81%  | 87%                                | 81%   |
| Digital Wholesale                            | 3                                   | 12   | 5                                  | 12    |
| Other                                        | 9                                   | 7    | 8                                  | 7     |
| Total                                        | 100%                                | 100% | 100%                               | 100%  |
| <b>Segment Income (Loss) from Operations</b> |                                     |      |                                    |       |
| U.S. Marketplace                             | 29%                                 | 27%  | 28%                                | 23%   |
| Digital Wholesale                            | (134)                               | (93) | (163)                              | (219) |
| Other                                        | 15                                  | 14   | 14                                 | 16    |
| Total                                        | 23%                                 | 12%  | 18%                                | (6)%  |

### For the three months ended September 30, 2025 and 2024

#### Revenue

##### Revenue by Source

|                                    | Three Months Ended<br>September 30, |            | Change    |      |
|------------------------------------|-------------------------------------|------------|-----------|------|
|                                    | 2025                                | 2024       | Amount    | %    |
|                                    | (dollars in thousands)              |            |           |      |
| <b>Revenue</b>                     |                                     |            |           |      |
| Marketplace                        | \$ 231,653                          | \$ 204,019 | \$ 27,634 | 14%  |
| Wholesale                          | 2,249                               | 12,107     | (9,858)   | (81) |
| Product                            | 4,794                               | 15,232     | (10,438)  | (69) |
| Total                              | \$ 238,696                          | \$ 231,358 | \$ 7,338  | 3%   |
| <b>Percentage of total revenue</b> |                                     |            |           |      |
| Marketplace                        | 97%                                 | 88%        |           |      |
| Wholesale                          | 1                                   | 5          |           |      |
| Product                            | 2                                   | 7          |           |      |
| Total                              | 100%                                | 100%       |           |      |

Overall revenue increased \$7.3 million, or 3%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024.

Marketplace revenue increased \$27.6 million, or 14%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024, and represented 97% of total revenue for the three months ended September 30, 2025, compared to 88% of total revenue for the three months ended September 30, 2024. The increase was due primarily to an increase in Listings revenue as a result of growth in both paying dealer count and QARSD. We have expanded wallet share across our dealer base, driven by upgrades, broader adoption of add-on products, and like-for-like price increases. The increase was also due in part to higher advertising revenue primarily due to increased spend by advertisers related to new and existing campaigns. The increase in Marketplace revenue was inclusive of a 27% increase in international revenue, similarly driven by growth in both paying dealer count and QARSD.

Wholesale revenue decreased \$9.9 million, or 81%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024, and represented 1% of total revenue for the three months ended September 30, 2025, compared to 5% of total revenue for the three months ended September 30, 2024. The decrease was due primarily to a 82% decrease in Transactions, which includes Dealer-to-Dealer transactions and IMCO transactions, to 1,460 for the three months ended September 30, 2025, compared to 8,249 for the three months ended September 30, 2024. The decrease in Transactions was due primarily to the wind-down of CarOffer.

Product revenue decreased \$10.4 million, or 69%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024, and represented 2% of total revenue for the three months ended September 30, 2025, compared to 7% of total revenue for the three months ended September 30, 2024. The decrease was due primarily to a decrease in proceeds received from the sale of vehicles through IMCO transactions and proceeds received from the sale of vehicles acquired through arbitration, as a result of lower Transaction volume due to the wind-down of CarOffer.

For further discussion of the wind-down of CarOffer, refer to Note 7 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

## Segment Revenue

|                                    | Three Months Ended<br>September 30, |                   | Change          |           |
|------------------------------------|-------------------------------------|-------------------|-----------------|-----------|
|                                    | 2025                                | 2024              | Amount          | %         |
|                                    | (dollars in thousands)              |                   |                 |           |
| <b>Revenue</b>                     |                                     |                   |                 |           |
| U.S. Marketplace                   | \$ 210,441                          | \$ 187,253        | \$ 23,188       | 12%       |
| Digital Wholesale                  | 7,043                               | 27,339            | (20,296)        | (74)      |
| Other                              | 21,212                              | 16,766            | 4,446           | 27        |
| Total                              | <u>\$ 238,696</u>                   | <u>\$ 231,358</u> | <u>\$ 7,338</u> | <u>3%</u> |
| <b>Percentage of total revenue</b> |                                     |                   |                 |           |
| U.S. Marketplace                   | 88%                                 | 81%               |                 |           |
| Digital Wholesale                  | 3                                   | 12                |                 |           |
| Other                              | 9                                   | 7                 |                 |           |
| Total                              | <u>100%</u>                         | <u>100%</u>       |                 |           |

U.S. Marketplace segment revenue increased \$23.2 million, or 12%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024, and represented 88% of total revenue for the three months ended September 30, 2025, compared to 81% of total revenue for the three months ended September 30, 2024. The increase was due primarily to the increase in marketplace revenue, as described above.

Digital Wholesale segment revenue, which is comprised of wholesale revenue and product revenue, decreased \$20.3 million, or 74%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024, and represented 3% of total revenue for the three months ended September 30, 2025, compared to 12% of total revenue for the three months ended September 30, 2024. The decrease in Digital Wholesale segment revenue was due to decreases in wholesale revenue and product revenue, which were attributable to the wind-down of CarOffer, as described above.

## Cost of Revenue

|                                    | Three Months Ended<br>September 30, |           | Change      |       |
|------------------------------------|-------------------------------------|-----------|-------------|-------|
|                                    | 2025                                | 2024      | Amount      | %     |
|                                    | (dollars in thousands)              |           |             |       |
| <b>Cost of Revenue</b>             |                                     |           |             |       |
| Marketplace                        | \$ 16,946                           | \$ 13,521 | \$ 3,425    | 25%   |
| Wholesale                          | 3,366                               | 20,415    | (17,049)    | (84)  |
| Product                            | 4,852                               | 14,871    | (10,019)    | (67)  |
| Total                              | \$ 25,164                           | \$ 48,807 | \$ (23,643) | (48)% |
| <b>Percentage of total revenue</b> |                                     |           |             |       |
| Marketplace                        | 7%                                  | 6%        |             |       |
| Wholesale                          | 1                                   | 9         |             |       |
| Product                            | 2                                   | 6         |             |       |
| Total                              | 11%                                 | 21%       |             |       |

Overall cost of revenue decreased \$23.6 million, or 48%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024.

Marketplace cost of revenue increased \$3.4 million, or 25%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024, and represented 7% of total revenue for the three months ended September 30, 2025, compared to 6% of total revenue for the three months ended September 30, 2024. The increase was due primarily to a \$1.4 million increase in amortization due to new capitalized website development projects that were put into service after September 30, 2024. The increase was also due in part to a \$0.8 million increase in advertising service costs and a \$0.7 million increase in data costs due to higher overall usage.

Wholesale cost of revenue decreased \$17.0 million, or 84%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024, and represented 1% of total revenue for the three months ended September 30, 2025, compared to 9% of total revenue for the three months ended September 30, 2024. The decrease was due primarily to a \$9.8 million decrease in impairment of capitalized website development costs due to the end of the CG Buy Online pilot during the third quarter of 2024, a \$5.2 million decrease in transportation expense, inspection expense, and data and other transaction fees as a result of lower Transaction volume due to the wind-down of CarOffer, and a \$1.6 million decrease in amortization due primarily to the end of the CG Buy Online pilot. For further discussion of the CG Buy Online impairment, refer to Note 6 of the consolidated financial statements included within the Annual Report.

Product cost of revenue decreased \$10.0 million, or 67%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024, and represented 2% of total revenue for the three months ended September 30, 2025, compared to 6% of total revenue for the three months ended September 30, 2024. The decrease was due primarily to a decrease in expenses related to vehicles sold to dealers through IMCO transactions and vehicles sold to dealers acquired through arbitration as a result of lower Transaction volume due to the wind-down of CarOffer.

## Operating Expenses

### Sales and Marketing Expense

|                             | Three Months Ended<br>September 30, |                        | Change   |     |
|-----------------------------|-------------------------------------|------------------------|----------|-----|
|                             | 2025                                | 2024                   | Amount   | %   |
|                             |                                     | (dollars in thousands) |          |     |
| Sales and marketing         | \$ 89,368                           | \$ 81,216              | \$ 8,152 | 10% |
| Percentage of total revenue | 37%                                 | 35%                    |          |     |

Sales and marketing expense increased \$8.2 million, or 10%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024. The increase was due primarily to a \$6.0 million increase in advertising and marketing expense for our performance marketing vendors and our brand awareness campaigns. The increase was also due in part to a \$1.4 million increase in one-time restructuring costs as a result of the wind-down of CarOffer. For further discussion of restructuring costs, refer to Note 7 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

### Product, Technology, and Development Expense

|                                      | Three Months Ended<br>September 30, |                        | Change  |      |
|--------------------------------------|-------------------------------------|------------------------|---------|------|
|                                      | 2025                                | 2024                   | Amount  | %    |
|                                      |                                     | (dollars in thousands) |         |      |
| Product, technology, and development | \$ 36,316                           | \$ 36,359              | \$ (43) | (0)% |
| Percentage of total revenue          | 15%                                 | 16%                    |         |      |

Product, technology, and development expense remained relatively flat in the three months ended September 30, 2025, compared to the three months ended September 30, 2024. The decrease was due primarily to a \$1.3 million decrease in personnel-related expenses inclusive of decreases related to stock-based compensation and other personnel costs, offset in part by an increase in payroll due to an increase in headcount and merit increases. Stock-based compensation declined due to vested and forfeited awards, partly offset by new grants. The decrease in product, technology, and development expense was offset in part by a \$1.2 million increase in one-time restructuring costs as a result of the wind-down of CarOffer. For further discussion of restructuring costs, refer to Note 7 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

### General and Administrative Expense

|                             | Three Months Ended<br>September 30, |                        | Change |    |
|-----------------------------|-------------------------------------|------------------------|--------|----|
|                             | 2025                                | 2024                   | Amount | %  |
|                             |                                     | (dollars in thousands) |        |    |
| General and administrative  | \$ 28,463                           | \$ 28,187              | \$ 276 | 1% |
| Percentage of total revenue | 12%                                 | 12%                    |        |    |

General and administrative expense increased \$0.3 million, or 1%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024. The increase was due primarily to a \$1.2 million increase in consultant and recruiting fees and a \$0.8 million increase in one-time restructuring costs as a result of the wind-down of CarOffer. The increase in general and administrative expense was offset in part by a \$1.8 million decrease in stock-based compensation expense due to vested and forfeited awards, partly offset by new grants. For further discussion of restructuring costs, refer to Note 7 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

## Impairment Expense

|                             | Three Months Ended<br>September 30, |          | Change     |        |
|-----------------------------|-------------------------------------|----------|------------|--------|
|                             | 2025                                | 2024     | Amount     | %      |
|                             | (dollars in thousands)              |          |            |        |
| Impairments                 | \$ —                                | \$ 7,026 | \$ (7,026) | (100)% |
| Percentage of total revenue | 0%                                  | 3%       |            |        |

Impairment expense decreased \$7.0 million, or 100%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024. The decrease was due primarily to a \$7.0 million in impairment related to the end of the CG Buy Online pilot during the three months ended September 30, 2024. For further discussion of the CG Buy Online impairment, refer to Note 6 of the consolidated financial statements included within the Annual Report.

## Depreciation and Amortization Expense

|                               | Three Months Ended<br>September 30, |          | Change   |      |
|-------------------------------|-------------------------------------|----------|----------|------|
|                               | 2025                                | 2024     | Amount   | %    |
|                               | (dollars in thousands)              |          |          |      |
| Depreciation and amortization | \$ 4,711                            | \$ 2,329 | \$ 2,382 | 102% |
| Percentage of total revenue   | 2%                                  | 1%       |          |      |

Depreciation and amortization expense increased \$2.4 million, or 102%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024. The increase was due primarily to a \$2.1 million increase in depreciation for assets placed in service associated with the 1001 Boylston Street lease.

## Other Income, net

|                                    | Three Months Ended<br>September 30, |                 | Change          |              |
|------------------------------------|-------------------------------------|-----------------|-----------------|--------------|
|                                    | 2025                                | 2024            | Amount          | %            |
|                                    | (dollars in thousands)              |                 |                 |              |
| <b>Other income, net</b>           |                                     |                 |                 |              |
| Interest income                    | \$ 2,292                            | \$ 2,717        | \$ (425)        | (16)%        |
| Other expense, net                 | (399)                               | (94)            | (305)           | (324)        |
| Total other income, net            | <u>\$ 1,893</u>                     | <u>\$ 2,623</u> | <u>\$ (730)</u> | <u>(28)%</u> |
| <b>Percentage of total revenue</b> |                                     |                 |                 |              |
| Interest income                    | 1%                                  | 1%              |                 |              |
| Other expense, net                 | (0)                                 | (0)             |                 |              |
| Total other income, net            | <u>1%</u>                           | <u>1%</u>       |                 |              |

Total other income, net decreased \$0.7 million, or 28%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024. The \$0.4 million decrease in interest income was due primarily to lower average cash and cash equivalents balances in interest-bearing accounts. The \$0.3 million increase in other expense, net was due primarily to the strengthening of foreign currencies against the U.S. dollar.

## Provision for Income Taxes

|                             | Three Months Ended<br>September 30, |          | Change   |     |
|-----------------------------|-------------------------------------|----------|----------|-----|
|                             | 2025                                | 2024     | Amount   | %   |
|                             | (dollars in thousands)              |          |          |     |
| Provision for income taxes  | \$ 11,850                           | \$ 7,546 | \$ 4,304 | 57% |
| Percentage of total revenue | 5%                                  | 3%       |          |     |

Provision for income taxes increased \$4.3 million, or 57%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024. The increase was due primarily to increased profitability. The increase in the provision for income taxes was offset in part by an aggregated \$1.6 million tax benefit related to windfalls on the taxable compensation of stock-based awards, net of the Section 162(m) excess officer compensation limitation recorded during the three months ended September 30, 2025, compared to a \$2.0 million tax expense related to the Section 162(m) excess officer compensation limitation, net of windfalls on the taxable compensation of stock-based awards recorded during the three months ended September 30, 2024.

## Segment Income (Loss) from Operations

|                                              | Three Months Ended<br>September 30, |                  | Change           |            |
|----------------------------------------------|-------------------------------------|------------------|------------------|------------|
|                                              | 2025                                | 2024             | Amount           | %          |
|                                              | (dollars in thousands)              |                  |                  |            |
| <b>Segment Income (Loss) from Operations</b> |                                     |                  |                  |            |
| U.S. Marketplace                             | \$ 61,009                           | \$ 50,410        | \$ 10,599        | 21%        |
| Digital Wholesale                            | (9,441)                             | (25,317)         | 15,876           | 63         |
| Other                                        | 3,106                               | 2,341            | 765              | 33         |
| Total                                        | <u>\$ 54,674</u>                    | <u>\$ 27,434</u> | <u>\$ 27,240</u> | <u>99%</u> |
| <b>Percentage of segment revenue</b>         |                                     |                  |                  |            |
| U.S. Marketplace                             | 29%                                 | 27%              |                  |            |
| Digital Wholesale                            | (134)                               | (93)             |                  |            |
| Other                                        | 15                                  | 14               |                  |            |
| Total                                        | <u>23%</u>                          | <u>12%</u>       |                  |            |

U.S. Marketplace segment income from operations increased \$10.6 million, or 21%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024, and represented 29% of U.S. Marketplace segment revenue for the three months ended September 30, 2025, compared to 27% of U.S. Marketplace segment revenue for the three months ended September 30, 2024. The increase was due to an increase in revenue of \$23.2 million, offset in part by an increase in cost of revenue of \$3.3 million and an increase in operating expenses of \$9.3 million.

Digital Wholesale segment loss from operations decreased \$15.9 million, or 63%, in the three months ended September 30, 2025, compared to the three months ended September 30, 2024, and represented (134)% of Digital Wholesale segment revenue for the three months ended September 30, 2025, compared to (93)% of Digital Wholesale segment revenue for the three months ended September 30, 2024. The decrease was due primarily to a decrease in revenue of \$20.3 million, a decrease in cost of revenue of \$27.1 million, and a decrease in operating expenses of \$9.1 million. These decreases were primarily attributable to the wind-down of CarOffer. The decrease in cost of revenue and operating expenses was also due in part to a \$9.8 million and \$7.0 million impairment, respectively, due to the end of the CG Buy Online pilot during the three months ended September 30, 2024. For further discussion of the CG Buy Online impairment, refer to Note 6 of the consolidated financial statements included within the Annual Report.

## For the nine months ended September 30, 2025 and 2024

### Revenue

#### Revenue by Source

|                                    | Nine Months Ended<br>September 30, |                   | Change           |           |
|------------------------------------|------------------------------------|-------------------|------------------|-----------|
|                                    | 2025                               | 2024              | Amount           | %         |
|                                    | (dollars in thousands)             |                   |                  |           |
| <b>Revenue</b>                     |                                    |                   |                  |           |
| Marketplace                        | \$ 665,886                         | \$ 586,405        | \$ 79,481        | 14%       |
| Wholesale                          | 16,271                             | 41,351            | (25,080)         | (61)      |
| Product                            | 15,730                             | 38,090            | (22,360)         | (59)      |
| Total                              | <u>\$ 697,887</u>                  | <u>\$ 665,846</u> | <u>\$ 32,041</u> | <u>5%</u> |
| <b>Percentage of total revenue</b> |                                    |                   |                  |           |
| Marketplace                        | 95%                                | 88%               |                  |           |
| Wholesale                          | 2                                  | 6                 |                  |           |
| Product                            | 2                                  | 6                 |                  |           |
| Total                              | <u>100%</u>                        | <u>100%</u>       |                  |           |

Overall revenue increased \$32.0 million, or 5%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024.

Marketplace revenue increased \$79.5 million, or 14%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, and represented 95% of total revenue for the nine months ended September 30, 2025, compared to 88% of total revenue for the nine months ended September 30, 2024. The increase was due primarily to an increase in Listings revenue as a result of growth in both paying dealer count and QARSD. We have increased wallet share across our dealer base, driven by upgrades, broader adoption of add-on products, and like-for-like price increases. The increase was also due in part to an increase in advertising revenue due primarily to increased spend by advertisers related to new and existing campaigns. The increase in Marketplace revenue was inclusive of a 25% increase in international revenue, similarly driven by growth in both paying dealer count and QARSD.

Wholesale revenue decreased \$25.1 million, or 61%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, and represented 2% of total revenue for the nine months ended September 30, 2025, compared to 6% of total revenue for the nine months ended September 30, 2024. The decrease was due primarily to a 61% decrease in Transactions, which includes Dealer-to-Dealer transactions and IMCO transactions, to 10,624 for the nine months ended September 30, 2025, compared to 27,329 for the nine months ended September 30, 2024. The decrease in Transactions was due in part to the wind-down of CarOffer.

Product revenue decreased \$22.4 million, or 59%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, and represented 2% of total revenue for the nine months ended September 30, 2025, compared to 6% of total revenue for the nine months ended September 30, 2024. The decrease was due primarily to a decrease in proceeds received from the sale of vehicles through IMCO transactions and proceeds received from the sale of vehicles acquired through arbitration as a result of lower transaction volume and the wind-down of CarOffer.

For further discussion of the wind-down of CarOffer, refer to Note 7 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

## Segment Revenue

|                                    | Nine Months Ended<br>September 30, |                   | Change           |           |
|------------------------------------|------------------------------------|-------------------|------------------|-----------|
|                                    | 2025                               | 2024              | Amount           | %         |
|                                    | (dollars in thousands)             |                   |                  |           |
| <b>Revenue</b>                     |                                    |                   |                  |           |
| U.S. Marketplace                   | \$ 608,321                         | \$ 540,293        | \$ 68,028        | 13%       |
| Digital Wholesale                  | 32,001                             | 79,441            | (47,440)         | (60)      |
| Other                              | 57,565                             | 46,112            | 11,453           | 25        |
| Total                              | <u>\$ 697,887</u>                  | <u>\$ 665,846</u> | <u>\$ 32,041</u> | <u>5%</u> |
| <b>Percentage of total revenue</b> |                                    |                   |                  |           |
| U.S. Marketplace                   | 87%                                | 81%               |                  |           |
| Digital Wholesale                  | 5                                  | 12                |                  |           |
| Other                              | 8                                  | 7                 |                  |           |
| Total                              | <u>100%</u>                        | <u>100%</u>       |                  |           |

U.S. Marketplace segment revenue increased \$68.0 million, or 13%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, and represented 87% of total revenue for the nine months ended September 30, 2025, compared to 81% of total revenue for the nine months ended September 30, 2024. The increase was due primarily to the increase in marketplace revenue, as described above.

Digital Wholesale segment revenue, which is comprised of wholesale revenue and product revenue, decreased \$47.4 million, or 60%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, and represented 5% of total revenue for the nine months ended September 30, 2025, compared to 12% of total revenue for the nine months ended September 30, 2024. The decrease in Digital Wholesale segment revenue was due to decreases in wholesale revenue and product revenue, which were attributable in part to the wind-down of CarOffer, as described above.

## Cost of Revenue

|                                    | Nine Months Ended<br>September 30, |                   | Change             |              |
|------------------------------------|------------------------------------|-------------------|--------------------|--------------|
|                                    | 2025                               | 2024              | Amount             | %            |
|                                    | (dollars in thousands)             |                   |                    |              |
| <b>Cost of Revenue</b>             |                                    |                   |                    |              |
| Marketplace                        | \$ 46,755                          | \$ 41,051         | \$ 5,704           | 14%          |
| Wholesale                          | 17,883                             | 47,272            | (29,389)           | (62)         |
| Product                            | 15,628                             | 37,567            | (21,939)           | (58)         |
| Total                              | <u>\$ 80,266</u>                   | <u>\$ 125,890</u> | <u>\$ (45,624)</u> | <u>(36)%</u> |
| <b>Percentage of total revenue</b> |                                    |                   |                    |              |
| Marketplace                        | 7%                                 | 6%                |                    |              |
| Wholesale                          | 3                                  | 7                 |                    |              |
| Product                            | 2                                  | 6                 |                    |              |
| Total                              | <u>12%</u>                         | <u>19%</u>        |                    |              |

Overall cost of revenue decreased \$45.6 million, or 36%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024.

Marketplace cost of revenue increased \$5.7 million, or 14%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, and represented 7% of total revenue for the nine months ended September 30, 2025, compared to 6% of total revenue for the nine months ended September 30, 2024. The increase was due primarily to a \$3.0 million increase in amortization due to new capitalized website development projects that were put into service after September 30, 2024, a \$1.2 million increase in data costs due to higher overall usage, and a \$0.6 million increase in advertising service costs.

Wholesale cost of revenue decreased \$29.4 million, or 62%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, and represented 3% of total revenue for the nine months ended September 30, 2025, compared to 7% of total revenue for the nine months ended September 30, 2024. The decrease was due primarily to a \$13.5 million decrease in transportation expense, inspection expense, and data and other transaction fees as a result of lower Transaction volume and the wind-down of CarOffer, a \$7.0 million decrease in impairments due to the CarOffer impairment during the second quarter of 2025 and CG Buy Online impairment during the third quarter of 2024, a \$6.5 million decrease in amortization due primarily to the end of the CG Buy Online pilot during the third quarter of 2024, and a decrease in amortization of acquired developed technology intangible asset as it became fully amortized in 2024. For further discussion of impairments, refer to Note 6 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report and Note 6 of the consolidated financial statements included within the Annual Report.

Product cost of revenue decreased \$21.9 million, or 58%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, and represented 2% of total revenue for the nine months ended September 30, 2025, compared to 6% of total revenue for the nine months ended September 30, 2024. The decrease was due primarily to a decrease in expenses related to vehicles sold to dealers through IMCO transactions and vehicles sold to dealers acquired through arbitration as a result of lower Transaction volume and the wind-down of CarOffer.

## Operating Expenses

### Sales and Marketing Expense

|                             | Nine Months Ended<br>September 30, |            | Change    |    |
|-----------------------------|------------------------------------|------------|-----------|----|
|                             | 2025                               | 2024       | Amount    | %  |
|                             | (dollars in thousands)             |            |           |    |
| Sales and marketing         | \$ 260,421                         | \$ 245,801 | \$ 14,620 | 6% |
| Percentage of total revenue | 37%                                | 37%        |           |    |

Sales and marketing expense increased \$14.6 million, or 6%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The increase was due primarily to a \$14.1 million increase in advertising and marketing expense for our brand awareness campaigns and our performance marketing vendors and \$1.4 million increase in one-time restructuring costs as a result of the wind-down of CarOffer. The increase in sales and marketing expense was offset in part by a \$0.9 million decrease in rent and related expenses due to the expiration of the leases of office space at 55 Cambridge Parkway and 2 Canal Park. For further discussion of restructuring costs, refer to Note 7 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

### Product, Technology, and Development Expense

|                                      | Nine Months Ended<br>September 30, |            | Change     |      |
|--------------------------------------|------------------------------------|------------|------------|------|
|                                      | 2025                               | 2024       | Amount     | %    |
|                                      | (dollars in thousands)             |            |            |      |
| Product, technology, and development | \$ 106,936                         | \$ 108,484 | \$ (1,548) | (1)% |
| Percentage of total revenue          | 15%                                | 16%        |            |      |

Product, technology, and development expense decreased \$1.5 million, or 1%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The decrease was due primarily to a \$1.8 million decrease in rent and related expenses due primarily to the expiration of the leases of office space at 55 Cambridge Parkway and 2 Canal Park and a \$1.7 million decrease in expense as a result of increase capitalized website development. The decrease was also driven in part by a \$1.3 million decrease in personnel-related expenses, inclusive of decreases in stock-based compensation and other personnel costs, offset in part by an increase in payroll due to an increase in headcount and merit increases. Stock-based compensation declined due to vested and forfeited awards, partly offset by new grants. The decrease in product, technology, and development expense was offset in part by a \$1.4 million increase in consulting fees, a \$1.2 million increase in one-time restructuring costs as a result of the wind-down of CarOffer, and a \$1.1 million increase in software subscription expense. For further discussion of restructuring costs, refer to Note 7 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

#### General and Administrative Expense

|                             | Nine Months Ended<br>September 30, |           | Change     |      |
|-----------------------------|------------------------------------|-----------|------------|------|
|                             | 2025                               | 2024      | Amount     | %    |
|                             | (dollars in thousands)             |           |            |      |
| General and administrative  | \$ 82,305                          | \$ 83,682 | \$ (1,377) | (2)% |
| Percentage of total revenue | 12%                                | 13%       |            |      |

General and administrative expense decreased \$1.4 million, or 2%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The decrease was due primarily to a \$5.9 million decrease in stock-based compensation expense, due primarily to vested and forfeited awards, partly offset by new grants. The decrease in general and administrative expense was offset in part by a \$1.9 million increase in consultant and recruiting fees, a \$1.5 million increase in payment processing expenses due to increased fees following revenue growth, and a \$0.8 million increase in one-time restructuring costs as a result of the wind-down of CarOffer. For further discussion of restructuring costs, refer to Note 7 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

#### Impairment Expense

|                             | Nine Months Ended<br>September 30, |            | Change       |       |
|-----------------------------|------------------------------------|------------|--------------|-------|
|                             | 2025                               | 2024       | Amount       | %     |
|                             | (dollars in thousands)             |            |              |       |
| Impairments                 | \$ 29,633                          | \$ 134,501 | \$ (104,868) | (78)% |
| Percentage of total revenue | 4%                                 | 20%        |              |       |

Impairment expense decreased \$104.9 million, or 78%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The decrease was due primarily to \$29.6 million of impairment losses related to CarOffer during the nine months ended September 30, 2025, compared to \$134.5 million of impairment losses related to CarOffer and the CG Buy Online pilot during the nine months ended September 30, 2024. For further discussion of impairments, refer to Note 6 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report and Note 6 of the consolidated financial statements included within the Annual Report.

#### Depreciation and Amortization Expense

|                               | Nine Months Ended<br>September 30, |          | Change   |     |
|-------------------------------|------------------------------------|----------|----------|-----|
|                               | 2025                               | 2024     | Amount   | %   |
|                               | (dollars in thousands)             |          |          |     |
| Depreciation and amortization | \$ 13,053                          | \$ 7,354 | \$ 5,699 | 77% |
| Percentage of total revenue   | 2%                                 | 1%       |          |     |

Depreciation and amortization expense increased \$5.7 million, or 77%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The increase was due primarily to a \$6.1 million increase in depreciation due primarily to assets placed in service associated with the 1001 Boylston Street lease.

### Other Income, net

|                                    | Nine Months Ended<br>September 30, |                 | Change            |                   |
|------------------------------------|------------------------------------|-----------------|-------------------|-------------------|
|                                    | 2025                               | 2024            | Amount            | %                 |
|                                    | (dollars in thousands)             |                 |                   |                   |
| <b>Other income, net</b>           |                                    |                 |                   |                   |
| Interest income                    | \$ 7,524                           | \$ 9,063        | \$ (1,539)        | (17)%             |
| Other (expense) income, net        | (271)                              | 122             | (393)             | NM <sup>(1)</sup> |
| Total other income, net            | <u>\$ 7,253</u>                    | <u>\$ 9,185</u> | <u>\$ (1,932)</u> | <u>(21)%</u>      |
| <b>Percentage of total revenue</b> |                                    |                 |                   |                   |
| Interest income                    | 1%                                 | 1%              |                   |                   |
| Other (expense) income, net        | (0)                                | 0               |                   |                   |
| Total other income, net            | <u>1%</u>                          | <u>1%</u>       |                   |                   |

(1) Not meaningful.

Total other income, net decreased \$1.9 million, or 21%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The \$1.5 million decrease in interest income resulted from lower average cash and cash equivalents balances in interest-bearing accounts.

### Provision for (Benefit from) Income Taxes

|                                           | Nine Months Ended<br>September 30, |            | Change    |                   |
|-------------------------------------------|------------------------------------|------------|-----------|-------------------|
|                                           | 2025                               | 2024       | Amount    | %                 |
|                                           | (dollars in thousands)             |            |           |                   |
| Provision for (benefit from) income taxes | \$ 26,421                          | \$ (5,772) | \$ 32,193 | NM <sup>(1)</sup> |
| Percentage of total revenue               | 4%                                 | (1)%       |           |                   |

(1) Not meaningful.

Provision for (benefit from) income taxes changed \$32.2 million in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The change was due primarily to increased profitability and the recognition of an \$8.0 million discrete deferred tax benefit in association with the goodwill and long-lived assets impairment charges related to CarOffer recognized during the nine months ended September 30, 2025, compared to a \$31.5 million discrete deferred tax benefit in association with the goodwill and long-lived assets impairment charges related to CarOffer recognized during the nine months ended September 30, 2024.

## Segment Income (Loss) from Operations

|                                              | Nine Months Ended<br>September 30, |                    | Change            |                         |
|----------------------------------------------|------------------------------------|--------------------|-------------------|-------------------------|
|                                              | 2025                               | 2024               | Amount            | %                       |
|                                              | (dollars in thousands)             |                    |                   |                         |
| <b>Segment Income (Loss) from Operations</b> |                                    |                    |                   |                         |
| U.S. Marketplace                             | \$ 169,552                         | \$ 126,670         | \$ 42,882         | 34%                     |
| Digital Wholesale                            | (52,261)                           | (173,815)          | 121,554           | 70                      |
| Other                                        | 7,982                              | 7,279              | 703               | 10                      |
| Total                                        | <u>\$ 125,273</u>                  | <u>\$ (39,866)</u> | <u>\$ 165,139</u> | <u>NM<sup>(1)</sup></u> |
| <b>Percentage of segment revenue</b>         |                                    |                    |                   |                         |
| U.S. Marketplace                             | 28%                                | 23%                |                   |                         |
| Digital Wholesale                            | (163)                              | (219)              |                   |                         |
| Other                                        | 14                                 | 16                 |                   |                         |
| Total                                        | <u>18%</u>                         | <u>(6)%</u>        |                   |                         |

(1) Not meaningful.

U.S. Marketplace segment income from operations increased \$42.9 million, or 34%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, and represented 28% of U.S. Marketplace segment revenue for the nine months ended September 30, 2025, compared to 23% of U.S. Marketplace segment revenue for the nine months ended September 30, 2024. The increase was due to an increase in revenue of \$68.0 million, offset in part by an increase in cost of revenue of \$4.7 million and an increase in operating expenses of \$20.5 million.

Digital Wholesale segment loss from operations decreased \$121.6 million, or 70%, in the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024, and represented (163)% of Digital Wholesale segment revenue for the nine months ended September 30, 2025, compared to (219)% of Digital Wholesale segment revenue for the nine months ended September 30, 2024. The decrease was due primarily to a decrease in revenue of \$47.4 million, a decrease in cost of revenue of \$51.3 million, and a decrease in operating expenses of \$117.7 million. The decrease in cost of revenue was due in part to \$2.9 million of impairment charges during the nine months ended September 30, 2025, compared to \$9.9 million of impairment charges during the nine months ended September 30, 2024. The decrease in operating expenses was due in part to \$29.6 million of impairment operating expense during the nine months ended September 30, 2025, compared to \$134.5 million of impairment operating expense during the nine months ended September 30, 2024. The decreases were also attributable in part to the wind-down of CarOffer. For further discussion of impairments, refer to Note 6 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report and Note 6 of the consolidated financial statements included within the Annual Report.

## Liquidity and Capital Resources

### Cash, Cash Equivalents, and Borrowing Capacity

As of September 30, 2025 and December 31, 2024, our principal sources of liquidity were cash and cash equivalents of \$178.8 million and \$304.2 million, respectively. As of September 30, 2025, our borrowing capacity under the 2022 Revolver (as defined below) was \$390.6 million.

## Sources and Uses of Cash

During the nine months ended September 30, 2025 and 2024, our cash flows from operating, investing, and financing activities, as reflected in the Unaudited Condensed Consolidated Statements of Cash Flows, were as follows:

|                                                             | Nine Months Ended<br>September 30, |                    |
|-------------------------------------------------------------|------------------------------------|--------------------|
|                                                             | 2025                               | 2024               |
|                                                             | (in thousands)                     |                    |
| Net cash provided by operating activities                   | \$ 212,163                         | \$ 179,757         |
| Net cash used in investing activities                       | (22,632)                           | (59,268)           |
| Net cash used in financing activities                       | (318,988)                          | (164,256)          |
| Impact of foreign currency on cash                          | 2,083                              | 582                |
| Net decrease in cash, cash equivalents, and restricted cash | <u>\$ (127,374)</u>                | <u>\$ (43,185)</u> |

Our operations have been financed primarily from operating activities. During the nine months ended September 30, 2025 and 2024, we generated cash from operating activities of \$212.2 million and \$179.8 million, respectively.

On September 26, 2022, we entered into a Credit Agreement with PNC Bank, National Association, as administrative agent and collateral agent and an L/C Issuer (as defined in the Credit Agreement), and the other lenders, L/C Issuers, and parties thereto from time to time, or the Credit Agreement. The Credit Agreement consists of a revolving credit facility, or the 2022 Revolver, which allows us to borrow up to \$400.0 million, \$50.0 million of which may be comprised of a letter of credit sub-facility, or 2022 Revolver Sub-facility. The borrowing capacity under the Credit Agreement may be increased in accordance with the terms and subject to the adjustments as set forth in the Credit Agreement. Specifically, the borrowing capacity may be increased by an amount up to the greater of \$250.0 million or 100% of Four Quarter Consolidated EBITDA (as defined in the Credit Agreement) if certain criteria are met and subject to certain restrictions. Any such increase requires lender approval. Proceeds of any borrowings may be used for general corporate purposes. The 2022 Revolver is scheduled to mature on September 26, 2027. As of September 30, 2025, there were no borrowings and \$9.4 million in letters of credit outstanding under the 2022 Revolver Sub-facility associated with our leases, which reduced the borrowing capacity under the 2022 Revolver to \$390.6 million. As of December 31, 2024, there were no borrowings and \$9.9 million in letters of credit outstanding under the 2022 Revolver Sub-facility associated with our leases, which reduced the borrowing capacity under the 2022 Revolver to \$390.1 million.

We believe that our existing sources of liquidity, including access to the 2022 Revolver, will be sufficient to fund our operations for at least the next 12 months from the date of the filing of this Quarterly Report. Our future capital requirements will depend on many factors, including our revenue; expenses associated with our sales and marketing activities and the support of our product, technology, and development efforts; activity under the 2025 Share Repurchase Program (as defined below); and our investments in international markets. In addition, our liquidity could be impacted by risks associated with the wind-down of CarOffer, including the loss of future cash flows and wind-down and exit costs. Cash from operations could also be affected by various risks and uncertainties, including but not limited to macroeconomic effects and other risks detailed more specifically in the "Risk Factors" section in Part I, Item 1A in our Annual Report and in the "Risk Factors" section in Part II, Item 1A in this Quarterly Report.

On November 7, 2024, we announced that our Board of Directors authorized a share repurchase program, or the Original 2025 Share Repurchase Program, pursuant to which we may, from time to time, purchase shares of our Class A common stock for an aggregate purchase price not to exceed \$200.0 million. On August 7, 2025, we announced that our Board of Directors amended the Original 2025 Share Repurchase Program to increase the authorization by an additional \$150.0 million, for a total authorization to purchase shares of our Class A common stock for an aggregate purchase price not to exceed \$350.0 million, and extended the expiration of the Original 2025 Share Repurchase Program from December 31, 2025 to July 31, 2026, or as amended, the 2025 Share Repurchase Program. Share repurchases under the 2025 Share Repurchase Program may be made through a variety of methods, including but not limited to open market purchases, privately negotiated transactions, and transactions that may be effected pursuant to one or more plans under Rule 10b5-1 and/or Rule 10b-18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The 2025 Share Repurchase Program does not obligate us to repurchase any minimum dollar amount or number of shares. Prior to its expiration, the 2025 Share Repurchase Program may be modified, suspended, or discontinued by our Board of Directors at any time without prior notice. All repurchased shares under the 2025 Share Repurchase Program will be retired. We have funded share repurchases and expect to continue to fund share repurchases under the 2025 Share Repurchase Program through cash on hand and cash generated from operations. During the three months ended September 30, 2025, we repurchased and retired 3,233,649 shares of our Class A common stock for \$110.7 million, exclusive of commissions and excise tax, at an average cost of \$34.23 per share under the 2025 Share Repurchase Program. During the nine months ended September 30, 2025, we repurchased and retired 9,164,088 shares of our Class A common stock for \$295.2 million, exclusive of commissions and excise tax, at an average cost of \$32.22 per share under the 2025 Share Repurchase Program. As of September 30, 2025, we had remaining authorization to purchase up to \$54.8 million of our Class A common stock under the 2025 Share Repurchase Program.

On November 7, 2023, we announced that our Board of Directors authorized a share repurchase program, or the 2024 Share Repurchase Program, pursuant to which we could, from time to time, purchase shares of our Class A common stock for an aggregate purchase price not to exceed \$250.0 million. The 2024 Share Repurchase Program expired on December 31, 2024. All repurchased shares of our Class A common stock under the 2024 Share Repurchase Program were retired. We funded share repurchases under the 2024 Share Repurchase Program through cash on hand and cash generated from operations. During the three months ended September 30, 2024, we repurchased and retired 164,301 shares of our Class A common stock for \$3.7 million, exclusive of commissions and excise tax, at an average cost of \$22.52 per share under the 2024 Share Repurchase Program. During the nine months ended September 30, 2024, we repurchased and retired 6,357,302 shares of our Class A common stock for \$146.1 million, exclusive of commissions and excise tax, at an average cost of \$22.98 per share under the 2024 Share Repurchase Program.

On August 6, 2025, our Board of Directors determined, after considering all reasonably available options and a broader strategic reassessment, that it is in the best interests of our stockholders to wind down CarOffer, including the CarOffer Transactions Business. We have begun to wind down CarOffer and expect to substantially complete the wind-down activities by the end of 2025. During the third quarter of 2025 we lowered our estimate of total expenditures associated with the wind-down, inclusive of amounts incurred to date and those expected through completion, to be in the range of \$13.0 million to \$15.0 million. As of September 30, 2025, we expect remaining cash expenditures to be in the range of \$7.0 million to \$9.0 million. A significant portion of the cash payments are expected to be paid in the remainder of 2025, with the remaining expected to be paid in the first half of 2026. For further information, refer to “Wind-Down of CarOffer” above.

To the extent that our operating income, existing cash, cash equivalents, and our borrowing capacity under the 2022 Revolver are insufficient to fund our future activities, we may need to raise additional funds through a public or private equity or debt financing. Additional funds may not be available on terms favorable to us, or at all. See “*Risk Factors—Risks Related to Our Business and Industry—We may require additional capital to pursue our business objectives and respond to business opportunities, challenges, or unforeseen circumstances. If we are unable to generate sufficient cash flows or if capital is not available to us, our business, operating results, financial condition, and prospects could be adversely affected.*” in Part I, Item 1A in our Annual Report.

### ***Operating Activities***

Net cash provided by operating activities of \$212.2 million during the nine months ended September 30, 2025, was due primarily to net income of \$106.1 million, adjusted for \$38.6 million of stock-based compensation expense, \$32.6 million of impairment related to CarOffer, as discussed in Note 6 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report, \$20.6 million of depreciation and amortization expense, \$14.0 million of deferred taxes, and \$12.0 million of amortization of deferred contract costs. Net cash provided by operating activities included a \$4.8 million increase in lease liabilities primarily due to lease amortization and a \$3.4 million decrease in accounts receivable due to the wind-down of CarOffer. Net cash provided by operating activities was offset in part by a \$13.7 million increase in deferred contract costs due to commission capitalization and an \$8.5 million increase in prepaid expenses, prepaid income taxes, and other assets primarily due to the impact of the OBBBA.

Net cash provided by operating activities of \$179.8 million during the nine months ended September 30, 2024, was due primarily to net loss of \$24.9 million, adjusted for \$144.4 million of impairment related to CarOffer and the end of the CG Buy Online pilot, as discussed in Note 6 of the consolidated financial statements included within the Annual Report, \$47.3 million of deferred taxes, \$46.6 million of stock-based compensation expense, \$18.3 million of depreciation and amortization expense, and \$10.2 million of amortization of deferred contract costs. Net cash provided by operating activities was also attributable to a \$32.2 million increase in lease obligations primarily related to reimbursement of tenant improvement allowance costs incurred and amortization reducing the right-of-use asset related to 1001 Boylston Street, partially offset by rent payments as well as a \$10.8 million increase in accounts payable. Net cash provided by operating activities was offset in part by a \$11.3 million increase in deferred contract costs due to commission capitalization.

### ***Investing Activities***

Net cash used in investing activities of \$22.6 million during the nine months ended September 30, 2025, was due primarily to \$17.3 million in capitalized website development costs, primarily related to continued investments in our product offerings, and \$5.4 million in purchases of property and equipment, primarily related to additions in capitalized internal-use software.

Net cash used in investing activities of \$59.3 million during the nine months ended September 30, 2024, was due primarily to \$64.9 million in purchases of property and equipment primarily related to 1001 Boylston Street and \$15.3 million in capitalized website development costs due to continued investment on our product offerings, offset in part by \$21.2 million in sales of short-term investments.

### ***Financing Activities***

Net cash used in financing activities of \$319.0 million during the nine months ended September 30, 2025, was due primarily to \$294.9 million in repurchases of our Class A common stock under the 2025 Share Repurchase Program and \$22.7 million in payment of withholding taxes on net share settlements of restricted stock units.

Net cash used in financing activities of \$164.3 million during the nine months ended September 30, 2024, was due primarily to \$146.2 million related to the repurchase of our Class A common stock under the 2024 Share Repurchase Program and \$17.4 million related to the payment of withholding taxes on net share settlements of restricted stock units.

## **Contractual Obligations and Known Future Cash Requirements**

As of September 30, 2025, there were no material changes in our contractual obligations and commitments from those disclosed in our Annual Report, other than those appearing in the notes to the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report, which are hereby incorporated by reference.

## Seasonality

Across the retail automotive industry, consumer purchasing activity is typically greatest in the first three quarters of each year, due in part to the introduction of new vehicle models from manufacturers and the seasonal nature of consumer spending.

Macroeconomic conditions, such as slower growth or recession, changes in international trade policies, including tariffs, volatile economic conditions, higher interest rates, unemployment, inflation, consumer confidence in the economy, consumer debt levels, labor disruptions, work stoppages, or strikes, geopolitical conflicts, foreign currency exchange rate fluctuations, and other matters that influence consumer spending and preferences, can also impact the volume of vehicle sales, as was evidenced by the global semiconductor chip shortage and other supply related shortages.

The U.S. Marketplace segment operating results have reflected the macroeconomic conditions of the automotive industry. However, to date, the U.S. Marketplace segment operating results have not been materially impacted by the general seasonality of the automotive industry. This could possibly change as our business and markets mature.

We are in the process of winding down CarOffer, including the CarOffer Transactions Business. The volume of wholesale vehicle sales has historically fluctuated from quarter to quarter driven by several factors, including the timing of used vehicles available for sale from selling customers, the seasonality of the retail market for used vehicles, and/or inventory challenges in the automotive industry, which affect the demand side of the wholesale industry.

The Digital Wholesale segment operating results have reflected the general seasonality of the wholesale vehicle sales market and macroeconomic conditions of the automotive industry. As a result of the wind-down of CarOffer, including the CarOffer Transactions Business, we expect the seasonality fluctuations of the Digital Wholesale segment to decrease and cease by the end of 2025.

Accordingly, revenue and cost of revenue related to volume will fluctuate on a quarterly basis. Typical seasonality trends may not be observed in periods where other external factors such as changes in international trade policies, tariffs, higher interest rates, and other macroeconomic issues, more significantly impact the industry.

## Off-Balance Sheet Arrangements

As of September 30, 2025 and December 31, 2024, we did not have any off-balance sheet arrangements or material leases that are less than 12 months in duration, that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures, or capital resources.

## Critical Accounting Estimates

The preparation of the Unaudited Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period.

Although we regularly assess these estimates, actual results could differ materially from these estimates. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from management's estimates if these results differ from historical experience, or other assumptions do not turn out to be substantially accurate, even if such assumptions are reasonable when made. Changes in estimates are recognized in the period in which they become known.

Critical estimates relied upon in preparing the Unaudited Condensed Consolidated Financial Statements include the determination of sales allowance and variable consideration in our revenue recognition, the impairment and useful lives of long-lived assets, the capitalization and useful lives of product, technology, and development costs for website development, internal-use software, and hosting arrangements, and the valuation and recoverability of intangible assets and goodwill. Accordingly, we consider these to be our critical accounting estimates and believe that of our significant accounting policies, these involve the greatest degree of judgment and complexity.

During the three months ended June 30, 2025, we identified a triggering event requiring an interim impairment test at CarOffer, due to the sustained low Transaction volume and a delay in the business's expected return to growth. We performed an updated fair value analysis of CarOffer, which indicated an excess of carrying value over fair value of CarOffer and resulted in a partial impairment charge. During the three months ended September 30, 2025, there was no additional impairment related to CarOffer. For further discussion of impairments related to CarOffer, refer to Note 6 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

For a detailed explanation of the judgments made in these areas, refer to Note 2 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report.

## **Recently Issued Accounting Pronouncements**

Information concerning recently issued accounting pronouncements can be found in Note 2 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

## Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Market risk represents the risk of loss that may affect our financial position due to adverse changes in financial market prices and rates. We are exposed to market risks as described below.

### Interest Rate Risk

As of September 30, 2025, our exposure to market risk associated with changes in interest rates related primarily to the 2022 Revolver, which allows us to borrow up to \$400.0 million. The applicable interest rate is, at our option, based on a number of different benchmark rates and applicable spreads, as determined by the Consolidated Secured Net Leverage Ratio (as defined in Note 9 of the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report). A fluctuation in interest rates does not have an impact on interest expense unless the 2022 Revolver is drawn upon. Such impact would also be dependent on the amount of the draw. As of September 30, 2025, there were no borrowings and \$9.4 million in letters of credit outstanding under the 2022 Revolver Sub-facility associated with our leases, which reduced the borrowing capacity under the 2022 Revolver to \$390.6 million. As of December 31, 2024, there were no borrowings and \$9.9 million in letters of credit outstanding under the 2022 Revolver Sub-facility associated with our leases, which reduced the borrowing capacity under the 2022 Revolver to \$390.1 million.

As of September 30, 2025, we had cash and cash equivalents of \$178.8 million, which consisted of bank deposits, money market accounts, and mutual funds. As of December 31, 2024, we had cash and cash equivalents of \$304.2 million, which consisted of bank deposits, money market accounts, and mutual funds.

Such interest-earning instruments carry a degree of interest rate risk. For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, fluctuations resulting from changes in the interest rate environment in interest income have not been material to our business, financial condition, or results of operations. Given recent changes in the interest rate environment and in an effort to ensure liquidity, we expect variable returns from our cash equivalents for the foreseeable future.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. As circumstances change, we will continue to reassess our approach to managing these risks.

### Inflation Risk

As of September 30, 2025 and 2024, we did not believe that inflation had a material effect on our business, financial condition, or results of operations. However, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, operating results, and financial condition. Additionally, inflationary pressures could negatively impact vehicle purchasing behavior, which could have an adverse impact on our financial results.

### Foreign Currency Exchange Risk

As of September 30, 2025 and 2024, we had foreign currency exposures in the British pound, the Euro, and the Canadian dollar, but fluctuations resulting from exchange rates between these foreign currencies and the U.S. dollar have not been material to our business, financial condition, or results of operations. However, fluctuations in exchange rates in the future may have a material impact on our business, financial condition, or results of operations. We have not used any financial instruments to manage our foreign currency exchange risk exposure. As circumstances change, we will continue to reassess our approach to managing these risks.

## Item 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on such evaluation, our principal executive officer and principal financial officer has concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

### Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently subject to any pending or threatened litigation that we believe, if determined adversely to us, would individually, or taken together, reasonably be expected to have a material adverse effect on our business or financial results.

### Item 1A. Risk Factors.

Careful consideration should be given to the factors discussed in Part I, Item 1A, “Risk Factors,” in our Annual Report, which could materially affect our business, financial condition, or future results, in addition to the information set forth in this Quarterly Report. The risk factors set forth below update the risk factors in our Annual Report.

#### ***The wind-down of CarOffer, including the CarOffer Transactions Business, may adversely impact our business, results of operations, financial performance, and reputation.***

On August 7, 2025, we announced the wind-down of CarOffer, including the CarOffer Transactions Business. Following a broader strategic reassessment, we concluded that CarOffer, including the CarOffer Transactions Business, has proven less effective in today’s more volatile and unpredictable pricing environment, where dealers require more flexibility and broader automation to streamline fulfillment than the model could provide and that it was in our best interest and the best interest of our stockholders to effect the wind-down.

We expect to substantially complete the wind-down activities by the end of 2025. During the third quarter of 2025 we lowered our estimate of total expenditures associated with the wind-down, inclusive of amounts incurred to date and those expected through completion, to be in the range of \$13.0 million to \$15.0 million. As of September 30, 2025, we expect remaining cash expenditures to be in the range of \$7.0 million to \$9.0 million. A significant portion of the cash payments are expected to be paid in the remainder of 2025, with the remaining expected to be paid in the first half of 2026.

The estimates of the costs and charges that we expect to incur, and the timing thereof, are subject to a number of assumptions and actual results may differ materially from those described above due to various factors, many of which are outside of our control, including the outcomes of discussions and negotiations with the counterparties to the contracts we intend to terminate or modify. In addition, we may incur other costs or charges not currently contemplated due to unanticipated events that may occur as a result of or in connection with the wind-down of CarOffer, including the CarOffer Transactions Business.

In addition, because of uncertainties with respect to our wind-down plan (including those described above), we may not be able to realize the anticipated benefits of the wind-down, or any benefits at all, or complete the wind-down in the timeframe, on the terms or in the manner we expect, and the costs incurred in connection with such wind down activities may exceed our estimates. If the time to complete the wind-down takes longer than expected, if we effect the wind-down on terms or in a manner less favorable to us than currently anticipated, or if the actual costs or other non-cash charges exceed our estimates, then our business, operational results, financial position, and cash flows could be adversely affected.

Additionally, the wind-down involves further risks, any of which may adversely impact our business, results of operations, financial performance, and reputation, including:

- the inability to retain qualified personnel necessary for the wind-down during the wind-down period;
- potential disruption of the operations of the rest of our businesses and diversion of management’s attention from such businesses and operations;

- disruptions in our relationships with dealers, customers, vendors, contractors, and employees given our decision to wind down CarOffer;
- exposure to unknown, contingent, or other liabilities, including litigation arising in connection with the wind-down; and
- unintended negative consequences from changes to our business.

If any of these or other factors impair our ability to successfully implement the wind-down, we may not be able to realize other business opportunities as we may be required to spend additional time and incur additional expense relating to the wind-down that otherwise would be used on the development, expansion, and profitability of our business, which could adversely impact our business, results of operations, financial performance, and reputation.

***Our goodwill, intangible assets, and other assets have been subject to impairment in the past and may be subject to further impairment in the future, which could have a material adverse effect on our results of operations, financial condition, or future operating results.***

We evaluate the recoverability of recognized goodwill, intangible assets, and other assets for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. These impairment tests are based on several factors requiring management's judgment, including identification of triggering events for reassessment and determination of the fair value of related assets. If such goodwill, intangible assets, or other assets are deemed to be impaired, an impairment loss equal to the amount by which the asset group's carrying value exceeds the fair value of the net assets would be recognized. For example, in the three months ended June 30, 2024, we recognized a partial impairment charge of \$127.5 million related to the CarOffer reporting unit and in the three months ended June 30, 2025, we recognized a partial impairment charge of \$32.6 million related to the CarOffer reporting unit. Future events may cause impairments of our goodwill, intangible assets, or other assets based on factors such as the price of our Class A common stock, projected cash flows, assumptions used, operational challenges, or other variables. We cannot accurately predict the amount and timing of any impairment of goodwill, intangible assets, or other assets. We may be required to record a significant charge in our consolidated financial statements during the period in which any impairment of our goodwill or intangible assets is determined, which would negatively affect our results of operations, which could have a material adverse effect on our results of operations, financial condition, or future operating results.

***Our business, operations, and financial conditions may be adversely affected by tariffs, trade restrictions, trade disputes, or other changes in trade policy or trade regulation.***

Our business is affected by general business and economic conditions. The imposition of new or increased tariffs, trade restrictions, trade disputes, or other changes in trade policy or trade regulation by the U.S. or other countries could lead to an economic downturn that may impact our business. For example, purchases of new and used automobiles are typically discretionary for consumers and have been, and may continue to be, affected by negative trends in the economy, including the availability and cost of credit, reductions in business and consumer confidence, recessions, interest rates, inflation, stock market volatility, tariffs or the imposition of new tariffs, trade wars, barriers, or restrictions, or threats of such actions, and increased unemployment. Recent developments in international trade relations, including significant changes in U.S. trade policy and actions which include threatened, new, and increased tariffs on other countries and retaliatory tariffs and actions, if maintained for a sufficient period of time, could result in increased costs to American consumers for automobiles and automobile components produced or assembled in those countries, which could decrease demand for automobiles and negatively impact our business. Additionally, tariffs on steel, aluminum, and raw materials used significantly in automobile manufacturing, as well as the tariffs that may be imposed on automobile imports, if maintained for a sufficient period of time, could each have similar negative impacts on the prices of cars, consumer demand, and our business. Any significant change or deterioration in economic conditions could have a material adverse effect on our business, operations, results of operations, and financial condition.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

### Recent Sales of Unregistered Securities

None.

### Purchases of Equity Securities

The following table summarizes information about our purchases of our Class A common stock for each of the months during the three months ended September 30, 2025:

| Period                                       | Total Number of Shares of Common Stock Purchased | Weighted Average Price Paid per Share of Common Stock <sup>(1)</sup> | Total Number of Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs <sup>(2)(3)</sup> | Maximum Number (or Approximate Dollar Value) of Shares of Common Stock that May Yet be Purchased Under the Plans or Programs (in thousands) |
|----------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| July 1, 2025 through July 31, 2025           | —                                                | \$ —                                                                 | —                                                                                                                  | \$ 15,472                                                                                                                                   |
| August 1, 2025 through August 31, 2025       | 1,944,900                                        | \$ 33.30                                                             | 1,944,900                                                                                                          | \$ 100,707                                                                                                                                  |
| September 1, 2025 through September 30, 2025 | 1,288,749                                        | \$ 35.64                                                             | 1,288,749                                                                                                          | \$ 54,776                                                                                                                                   |
| Total                                        | <u>3,233,649</u>                                 | \$ 34.23                                                             | <u>3,233,649</u>                                                                                                   | \$ 54,776                                                                                                                                   |

- (1) The weighted average price paid per share of our Class A common stock does not include cost of commissions.
- (2) On November 7, 2024, we announced that our Board of Directors authorized the Original 2025 Share Repurchase Program pursuant to which we may, from time to time, purchase shares of our Class A common stock for an aggregate purchase price not to exceed \$200.0 million. On August 7, 2025, we announced that our Board of Directors amended the Original 2025 Share Repurchase Program to increase the authorization by an additional \$150.0 million, for a total authorization to purchase shares of our Class A common stock for an aggregate purchase price not to exceed \$350.0 million, and extended the expiration of the Original 2025 Share Repurchase Program from December 31, 2025 to July 31, 2026, or as amended, the 2025 Share Repurchase Program. Share repurchases under the 2025 Share Repurchase Program may be made through a variety of methods, including but not limited to open market purchases, privately negotiated transactions, and transactions that may be effected pursuant to one or more plans under Rule 10b5-1 and/or Rule 10b-18 of the Exchange Act. The 2025 Share Repurchase Program does not obligate us to repurchase any minimum dollar amount or number of shares. Prior to its expiration, the 2025 Share Repurchase Program may be modified, suspended, or discontinued by our Board of Directors at any time without prior notice. All repurchased shares under the 2025 Share Repurchase Program will be retired. We have funded share repurchases and expect to continue to fund share repurchases under the 2025 Share Repurchase Program through cash on hand and cash generated from operations.
- (3) The total number of shares of our Class A common stock purchased as part of the 2025 Share Repurchase Program was inclusive of any shares purchased but not settled as of September 30, 2025.

# Item 5. Other Information

## Rule 10b5-1 Plan Trading Arrangements

During the three months ended September 30, 2025, the following officers adopted a “Rule 10b5-1 trading arrangement” (as defined in Item 408 of Regulation S-K) that is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and our policies on insider trading:

| Name & Title                              | Date Adopted    | Aggregate Number of Shares of Class A Common Stock to be Purchased or Sold Pursuant to Trading Arrangement | Expiration Date <sup>(1)</sup> |
|-------------------------------------------|-----------------|------------------------------------------------------------------------------------------------------------|--------------------------------|
| Matthew Quinn<br>Chief Technology Officer | August 20, 2025 | Up to 63,900 shares to be sold <sup>(2)</sup>                                                              | August 8, 2027                 |
| Jason Trevisan<br>Chief Executive Officer | August 12, 2025 | 90,000 shares to be sold                                                                                   | November 17, 2026              |

- (1) The Rule 10b5-1 trading arrangement permits transactions through and including the earlier to occur of (a) the completion of all sales or (b) the date listed in the table. The arrangement also provides for automatic expiration in the event of liquidation, dissolution, bankruptcy, insolvency, or death of the adopting person.
- (2) The Rule 10b5-1 trading arrangement includes the sale of up to 59,233 shares to be received upon future vesting of certain outstanding equity awards, net of any shares withheld by us to satisfy applicable taxes. The number of shares to be withheld, and thus the exact number of shares to be sold pursuant to Mr. Quinn’s Rule 10b5-1 trading arrangement, can only be determined upon the occurrence of the future vesting events. For purposes of this disclosure, we have reported the gross number of shares to be received upon the future vesting of such equity awards, before subtracting any shares to be withheld by us to satisfy applicable taxes in connection with such future vesting events. Furthermore, the Rule 10b5-1 trading arrangement provides for the sale of 50% of the net shares that vest on the applicable vesting date. The 10b5-1 trading arrangement also provides for the sale of up to 4,667 shares directly held by Mr. Quinn such that the gross proceeds from their sale is sufficient to raise \$25,000 for purposes of a gift to a charitable donor-advised fund.

Other than those disclosed above, none of our directors or officers adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” in each case as defined in Item 408 of Regulation S-K.

## Item 6. Exhibits.

The exhibits listed below are filed, furnished, or incorporated by reference into this Quarterly Report.

| Exhibit Number | Exhibit Description                                                                                                                                                                                                                                     | Incorporated by Reference |             |             |                | Filed or Furnished Herewith |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------|-------------|----------------|-----------------------------|
|                |                                                                                                                                                                                                                                                         | Form                      | File Number | Filing Date | Exhibit Number |                             |
| 31.1           | <a href="#">Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> |                           |             |             |                | X                           |
| 32.1*          | <a href="#">Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>                                                  |                           |             |             |                | X                           |
| 101.INS        | Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.                                                                                   |                           |             |             |                |                             |
| 101.SCH        | Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.                                                                                                                                                                                 |                           |             |             |                | X                           |
| 104            | Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit)                                                                                                                                                     |                           |             |             |                | X                           |

\* The certification furnished in Exhibit 32.1 hereto is deemed to accompany this Quarterly Report and will not be deemed “filed” for purposes of Section 18 of the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**CarGurus, Inc.**

Date: November 6, 2025

By: /s/ Jason Trevisan  
Jason Trevisan  
Chief Executive Officer  
*(Principal Executive Officer, Principal Financial Officer, and  
Principal Accounting Officer)*

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jason Trevisan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CarGurus, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2025

By: /s/ Jason Trevisan

Jason Trevisan

Chief Executive Officer

(Principal Executive Officer, Principal Financial Officer, and  
Principal Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of CarGurus, Inc. (the "Company") for the period ending September 30, 2025, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Jason Trevisan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2025

By: /s/ Jason Trevisan

Jason Trevisan

Chief Executive Officer

*(Principal Executive Officer, Principal Financial Officer, and  
Principal Accounting Officer)*

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