

Cars.com Inc.
Quarterly Financials & Key Operating Metrics

Consolidated Statements of Income (Loss) <i>(In thousands, except per share data)</i>	Full Year 2018	Full Year 2019	Full Year 2020	Full Year 2021	Three Months Ended <i>(unaudited)</i>				Full Year 2022	Three Months Ended <i>(unaudited)</i>				Full Year 2023	
					March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022		March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023		
Revenue: ⁽¹⁾															
Dealer	\$ 457,651	\$ 477,095	\$ 463,018	\$ 549,923	\$ 140,416	\$ 143,987	\$ 145,395	\$ 149,424	\$ 579,222	\$ 149,843	\$ 153,309	\$ 157,116	\$ 161,393	\$ 621,661	
OEM and National	105,381	80,774	73,176	65,085	15,174	14,144	14,909	14,330	58,557	13,543	12,402	14,549	15,410	55,904	
Other	16,156	14,442	11,309	8,675	2,617	4,742	4,291	4,447	16,097	3,682	2,465	2,668	2,803	11,618	
Retail	579,188	572,311	547,503	623,683	158,207	162,873	164,595	168,201	653,876	167,068	168,176	174,333	179,606	689,183	
Wholesale	82,939	34,371	—	—	—	—	—	—	—	—	—	—	—	—	
Total revenue	662,127	606,682	547,503	623,683	158,207	162,873	164,595	168,201	653,876	167,068	168,176	174,333	179,606	689,183	
Revenue YoY % Growth	N/A	(8)%	(10)%	14%	3%	5%	5%	6%	5%	6%	3%	6%	7%	5%	
Operating expenses:															
Cost of revenue and operations	90,433	99,549	101,536	114,200	27,752	29,504	28,828	28,875	114,959	29,795	30,415	31,077	30,918	122,205	
Product and technology	68,789	62,859	60,664	77,316	21,307	23,117	21,425	23,166	89,015	24,101	24,956	25,297	25,230	99,584	
Marketing and sales	226,740	217,432	183,448	208,335	57,094	54,655	53,615	56,515	221,879	58,297	58,153	60,186	58,835	235,471	
General and administrative	72,943	73,772	59,051	73,562	16,560	17,211	16,694	16,128	67,593	18,304	17,649	17,785	23,069	76,807	
Affiliate revenue share	15,488	20,790	10,970	—	—	—	—	—	—	—	—	—	—	—	
Depreciation and amortization	103,810	116,877	113,276	101,932	24,553	23,001	23,134	23,706	94,394	24,042	24,669	25,670	26,619	101,000	
Goodwill and intangible asset impairment	—	461,463	905,885	—	—	—	—	—	—	—	—	—	—	—	
Total operating expenses	578,203	1,052,742	1,434,830	575,345	147,266	147,488	144,696	148,390	587,840	154,539	155,842	160,015	164,671	635,067	
Operating income (loss)	83,924	(446,060)	(887,327)	48,338	10,941	15,385	19,899	19,811	66,036	12,529	12,334	14,318	14,935	54,116	
Nonoperating expense:															
Interest expense, net	(27,717)	(30,774)	(37,856)	(38,729)	(9,330)	(9,047)	(8,501)	(8,442)	(35,320)	(8,244)	(8,150)	(7,777)	(8,254)	(32,425)	
Other (expense) income, net	722	1,555	(11,226)	(1,262)	208	(64)	(13,387)	5,093	(8,140)	8,239	(3,133)	(3,902)	(4,790)	(3,586)	
Total nonoperating expense, net	(26,995)	(29,219)	(49,082)	(38,855)	(9,122)	(9,101)	(21,888)	(3,349)	(43,460)	(5)	(11,283)	(11,679)	(13,044)	(36,011)	
Income (loss) before income taxes	56,929	(475,279)	(936,409)	9,483	1,819	6,284	(1,989)	16,462	22,576	12,524	1,051	2,639	1,891	18,105	
Income tax expense (benefit) ⁽²⁾	18,120	(29,955)	(147,303)	(1,308)	(2,521)	739	952	6,200	5,370	1,045	(93,075)	(1,852)	(6,455)	(100,337)	
Net income (loss) ⁽²⁾	\$ 38,809	\$ (445,324)	\$ (789,106)	\$ 10,791	\$ 4,340	\$ 5,545	\$ (2,941)	\$ 10,262	\$ 17,206	\$ 11,479	\$ 94,126	\$ 4,491	\$ 8,346	\$ 118,442	
Weighted-average common shares outstanding:															
Basic	70,318	66,995	67,241	68,727	69,463	69,194	67,680	66,546	68,215	66,530	66,762	66,773	66,510	66,742	
Diluted	70,547	66,995	67,241	71,337	70,899	70,257	67,680	68,513	69,649	67,747	68,493	68,508	68,326	68,227	
Earnings (loss) per share:															
Basic ⁽²⁾	\$ 0.55	\$ (6.65)	\$ (11.74)	\$ 0.16	\$ 0.06	\$ 0.08	\$ (0.04)	\$ 0.15	\$ 0.25	\$ 0.17	\$ 1.41	\$ 0.07	\$ 0.13	\$ 1.77	
Diluted ⁽²⁾	\$ 0.55	\$ (6.65)	\$ (11.74)	\$ 0.15	\$ 0.06	\$ 0.08	\$ (0.04)	\$ 0.15	\$ 0.25	\$ 0.17	\$ 1.37	\$ 0.07	\$ 0.12	\$ 1.74	
Non-GAAP Reconciliations <i>(unaudited and in thousands)</i>															
Reconciliation of Net income (loss) to Adjusted EBITDA															
Net income (loss) ⁽²⁾	\$ 38,809	\$ (445,324)	\$ (789,106)	\$ 10,791	\$ 4,340	\$ 5,545	\$ (2,941)	\$ 10,262	\$ 17,206	\$ 11,479	\$ 94,126	\$ 4,491	\$ 8,346	\$ 118,442	
Interest expense, net	27,717	30,774	37,856	38,729	9,330	9,047	8,501	8,442	35,320	8,244	8,150	7,777	8,254	32,425	
Income tax expense (benefit) ⁽²⁾	18,120	(29,955)	(147,303)	(1,308)	(2,521)	739	952	6,200	5,370	1,045	(93,075)	(1,852)	(6,455)	(100,337)	
Depreciation and amortization	103,810	116,877	113,276	101,932	24,553	23,001	23,134	23,706	94,394	24,042	24,669	25,670	26,619	101,000	
Goodwill and intangible asset impairment	—	461,463	905,885	—	—	—	—	—	—	—	—	—	—	—	
Stock-based compensation, including related payroll tax expense	9,423	7,736	15,450	22,195	5,417	6,581	5,578	5,390	22,966	6,952	7,720	7,611	7,844	30,127	
Non-operating foreign exchange (income) expense	—	—	—	—	—	—	—	—	—	—	—	—	(2,072)	(2,072)	
Write-off of long-lived assets and other	968	706	9,700	1,387	(45)	15	100	929	999	135	195	308	389	1,027	
Severance, transformation and other exit costs	5,771	10,588	7,919	3,528	392	1,419	1,558	960	4,329	1,217	661	470	1,226	3,574	
Transaction-related items	13,182	5,582	2,205	11,948	556	(1,043)	13,001	(6,370)	6,144	(8,777)	3,203	5,019	11,253	10,698	
Costs associated with the stockholder activist campaign	9,806	8,825	—	—	—	—	—	—	—	—	—	—	—	—	
Adjusted EBITDA ⁽³⁾	\$ 227,606	\$ 167,272	\$ 155,882	\$ 189,202	\$ 42,022	\$ 45,304	\$ 49,883	\$ 49,519	\$ 186,728	\$ 44,337	\$ 45,649	\$ 49,494	\$ 55,404	\$ 194,884	
Adj. EBITDA as a % of revenue	34%	28%	28%	30%	27%	28%	30%	29%	29%	27%	27%	28%	31%	28%	
Reconciliation of Net cash provided by operating activities to Free cash flow															
Net cash provided by operating activities	\$ 163,548	\$ 101,484	\$ 138,616	\$ 138,003	\$ 30,358	\$ 11,922	\$ 49,011	\$ 37,220	\$ 128,511	\$ 28,141	\$ 28,041	\$ 35,998	\$ 45,140	\$ 136,720	
Capitalization of internally developed technology ⁽⁶⁾	—	—	—	—	—	—	—	—	—	(5,172)	(4,889)	(4,777)	(4,764)	(19,602)	
Purchase of property and equipment	(14,233)	(21,257)	(16,712)	(19,192)	(4,008)	(4,547)	(5,844)	(5,315)	(19,714)	(199)	(309)	(229)	(543)	(1,280)	
Free cash flow	\$ 149,315	\$ 80,227	\$ 121,904	\$ 118,811	\$ 26,350	\$ 7,375	\$ 43,167	\$ 31,905	\$ 108,797	\$ 22,770	\$ 22,843	\$ 30,992	\$ 39,833	\$ 115,838	
Key Operating Metrics <i>(unaudited)</i>															
Traffic	445,282,000	553,660,000	599,807,000	591,499,000	148,491,000	148,010,000	150,449,000	140,439,000	587,388,000	164,782,000	155,957,000	151,379,000	142,679,000	614,798,000	
Average Monthly Unique Visitors	18,778,000	22,629,000	23,822,000	25,064,000	26,562,000	27,079,000	27,309,000	24,649,000	26,400,000	28,478,000	26,949,000	25,980,000	24,276,000	26,421,000	
Dealer Customers (at period end) ⁽⁴⁾	19,921	18,834	18,372	19,179	19,500	19,517	19,585	19,506	19,506	19,186	18,785	18,715	19,504	19,504	
Monthly Average Revenue Per Dealer ⁽⁵⁾	\$ 2,098	\$ 2,179	\$ 1,995	\$ 2,309	\$ 2,291	\$ 2,326	\$ 2,334	\$ 2,361	\$ 2,329	\$ 2,386	\$ 2,472	\$ 2,548	\$ 2,523	\$ 2,486	

⁽¹⁾ Revenue categories were renamed to align with the Company's customer types beginning in Q1 2021. Dealer revenue was previously referred to as "Direct" revenue and the OEM and National revenue was previously referred to as "National advertising" revenue. No reclassifications were made between revenue categories. This change was due to the expiration of the affiliate contracts in 2019 resulting in the Wholesale/Retail distinction to be no longer relevant in the current periods.

⁽²⁾ During the three months ended March 31, 2022, the Company identified a \$30.8 million overstatement of the valuation allowance recorded against deferred tax assets that originated in 2020. As a result, these financial line items for the Full Year 2020, Q4 2021, and Full Year 2021 have been updated. See further discussion within the Company's Form 10-Q for the period ended March 31, 2022.

⁽³⁾ There was no unfavorable contract liability amortization during 2020 and 2021 as it was fully amortized as of September 30, 2019. Prior to September 30, 2019, amortization of unfavorable contracts liability is not adjusted out of Adjusted EBITDA.

⁽⁴⁾ Beginning June 30, 2022, this key operating metric includes Accu-Trade; however, no prior period has been recast as it would be impracticable to do so. Additionally, beginning with the three months ended December 31, 2023, D2C is included in our ARPD metric.

⁽⁵⁾ Beginning with the three months ended June 30, 2022, Accu-Trade is included in our ARPD metric. No prior period has been recast as it would be impracticable to do so and the inclusion of Accu-Trade would have had an immaterial impact on ARPD for prior periods. Additionally, beginning with the three months ended December 31, 2023, D2C is included in our ARPD metric.

⁽⁶⁾ Beginning with the three months ended March 31, 2023, capitalization of internally developed technology is presented separately from the purchase of property and equipment. See the Company's Press Release for any updates to prior period amounts disclosed for this activity.