

CARS

TM

Investor Relations

November 2022



CARS

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the federal securities laws. All statements other than statements of historical facts are forward-looking statements. Forward-looking statements include information concerning the impact of the COVID-19 pandemic on our industry, our dealer customers and our results of operations, our business strategies, strategic alternatives, plans and objectives, market potential, outlook, trends, future financial performance, planned operational and product improvements, potential strategic transactions, liquidity, including draws from our revolving credit facility, expense management and other matters and involve known and unknown risks that are difficult to predict. As a result, our actual financial results, performance, achievements, strategic actions or prospects may differ materially from those expressed or implied by these forward-looking statements. These statements often include words such as “believe,” “expect,” “project,” “anticipate,” “outlook,” “intend,” “strategy,” “plan,” “estimate,” “target,” “seek,” “will,” “may,” “would,” “should,” “could,” “forecasts,” “mission,” “strive,” “more,” “goal” or similar expressions. Forward-looking statements are based on our current expectations, beliefs, strategies, estimates, projections and assumptions, based on our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments, current developments regarding the COVID-19 pandemic and other factors we think are appropriate. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by the Company and its management based on their knowledge and understanding of the business and industry, are inherently uncertain. These statements are expressed in good faith and we believe these judgments are reasonable. However, you should understand that these statements are not guarantees of strategic action, performance or results. Our actual results and strategic actions could differ materially from those expressed in the forward-looking statements. Given these uncertainties, forward-looking statements should not be relied on in making investment decisions. Comparisons of results between current and prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data. Whether or not any such forward-looking statement is in fact achieved will depend on future events, some of which are beyond our control.

Forward-looking statements are subject to a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results and strategic actions to differ materially from those expressed in the forward-looking statements contained in this presentation. For a detailed discussion of many of these and other risks and uncertainties, see our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and our other filings with the Securities and Exchange Commission, available on our website at investor.cars.com or via EDGAR at www.sec.gov. All forward-looking statements contained in this presentation are qualified by these cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of these risks and uncertainties. The forward-looking statements contained in this presentation are based only on information currently available to us and speak only as of the date of this presentation. We undertake no obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, or changes in future operating results over time or otherwise.

The forward-looking statements in this presentation are intended to be subject to the safe harbor protection provided by the federal securities laws.

Definitions: Non-GAAP Financial Measures

This presentation discusses Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Operating Expenses and Free Cash Flow. These financial measures are not prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). These financial measures are presented as supplemental measures of operating performance because we believe they provide meaningful information regarding our performance and provide a basis to compare operating results between periods. In addition, we use Adjusted EBITDA as a measure for determining incentive compensation targets. Adjusted EBITDA also is used as a performance measure under our credit agreement and includes adjustments such as the items defined below and other further adjustments, which are defined in the credit agreement. These non-GAAP financial measures are frequently used by our lenders, securities analysts, investors and other interested parties to evaluate companies in our industry. For a reconciliation of the non-GAAP measures presented in this presentation to their most directly comparable financial measure prepared in accordance with GAAP, see “Non-GAAP Reconciliations” below.

Other companies may define or calculate these measures differently, limiting their usefulness as comparative measures. Because of these limitations, these non-GAAP financial measures should not be considered in isolation or as substitutes for performance measures calculated in accordance with GAAP. Definitions of these non-GAAP financial measures and reconciliations to the most directly comparable GAAP financial measures are presented in the tables below.

We define Adjusted EBITDA as net income (loss) before (1) interest expense, net, (2) income tax (benefit) expense, (3) depreciation, (4) amortization of intangible assets, (5) stock-based compensation expense, (6) unrealized mark-to-market adjustments and cash transactions related to derivative instruments, and (7) certain other items, such as transaction-related items, severance, transformation and other exit costs and write-off and impairments of goodwill, intangible assets and other long-lived assets.

Transaction-related items result from actual or potential transactions such as business combinations, mergers, acquisitions, dispositions, spin-offs, financing transactions, and other strategic transactions, including, without limitation, (1) transaction-related bonuses and (2) expenses for advisors and representatives such as investment bankers, consultants, attorneys and accounting firms. Transaction-related items may also include, without limitation, transition and integration costs such as retention bonuses and acquisition-related milestone payments to acquired employees, consulting, compensation and other incremental costs associated with integration projects, and amortization of deferred revenue related to the Accu-Trade acquisition.

We define Free Cash Flow as net cash provided by operating activities less capital expenditures, including purchases of property and equipment and capitalization of internal-use software and website development costs.

We define Adjusted Operating Expenses as total operating expenses adjusted to exclude stock-based compensation, write-off and impairments of goodwill, intangible assets, long-lived assets, severance, transformation and other exit costs and transaction-related items.

Investment Highlights

- 01.** Strengthening our Unique Marketplace Platform
- 02.** Operating in a Large and Growing Addressable Market
- 03.** Leading Brand¹ with Strong Organic Traffic
- 04.** Well Positioned to Benefit from Accelerating Shift to Digital Automotive Solutions
- 05.** Resilient Business Model With Attractive Free Cash Flow Profile and Strong Balance Sheet
- 06.** Clear Strategy and Roadmap for Growth

Strengthening our Unique Platform



Our Mission

Driving The Future Of Automotive Retail

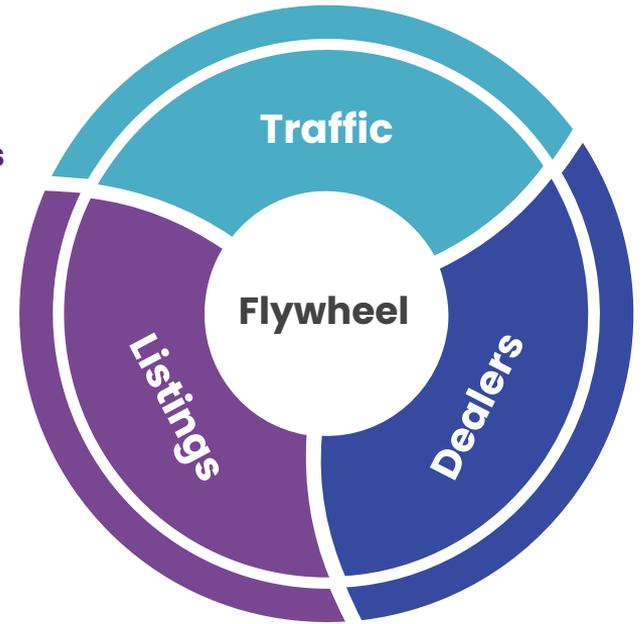
Become the largest digital automotive marketplace and platform powering innovative solutions and frictionless omni-channel experiences for **buyers** and **sellors**



Our Strategy

Traffic → Dealers → Vehicle Listings → More Traffic → More Dealers

A flywheel of dealers driving vehicle listings, vehicle listings driving traffic & data, traffic & data attracting dealers defines our digital solutions platform



CARS Winning Platform Strategy

150MM Marketplace Visits
+
314MM Dealer Website Visits



Buyers



Sellers

~19,600 Dealer Customers
+
Nearly Every OEM

MARKETPLACE



ADVERTISING

fuel

DEALER WEBSITES



FINANCING

CreditIQ™

REVIEWS



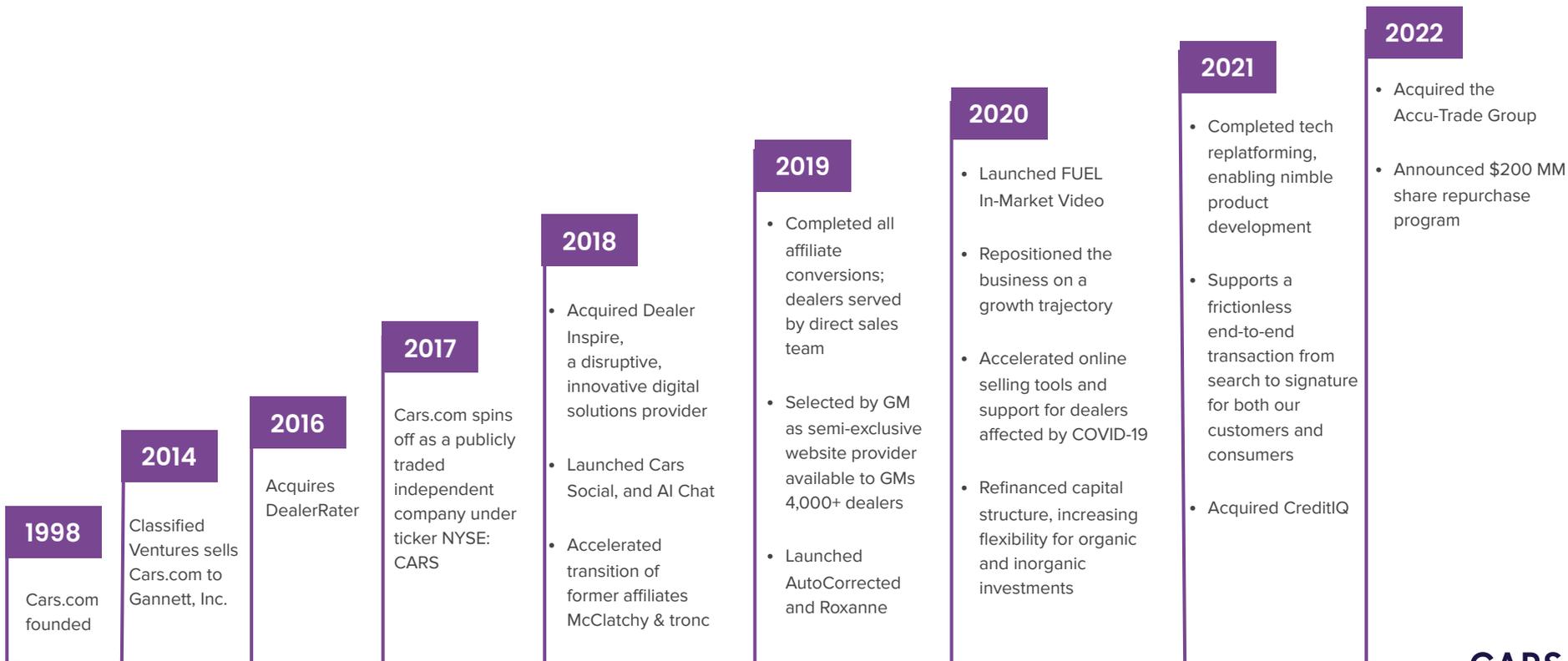
INVENTORY



Integrated Capabilities

CARS Extending Beyond the Marketplace

Durable, Category Leading Brand Supporting a 20+ Year History of Innovative Solutions



CARS at a Glance

Our Company Today: Scaled Dealer Solutions Platform with Unparalleled Brand

CARS has scale	\$624MM FY 2021 Revenue	\$189MM / 30% FY 2021 Adj. EBITDA / margin	\$119MM FY 2021 Free cash flow
	~600MM FY 2021 visits	19,585 Dealer customers ⁶	Nearly all of OEMs are customers
CARS is influential	~85% Visitors plan to purchase within 6 months ¹	12MM+ reviews ⁷	Majority of our traffic is organic ²
CARS is the gold standard	#1 Brand awareness ³	1 of the top downloaded online auto marketplace app ⁴	#1 Highest rated mobile platform ⁵

Note: See the appendix for a reconciliation of Non-GAAP financial measures.

¹ CARS internal data as of Q4 2021; ² Q2 2022: Direct + App + SEO; ³ Qualtrics as of June 2022; total brand awareness shown among CARS' competitive set;

⁴ Downloads versus peers, per App Annie as of July 2022; ⁵ CARS has the highest Apple App Store rating among peers at 4.8/5.0 as of April 2022 ⁶As of 09/30/2022;

⁷As of September 30, 2022

At the Heart of our Business is a Vibrant Marketplace

Consumer Challenges

- Too many options
- Price opacity & distrust
- Inconvenient, broken shopping experience
- Gaps in online-to-offline experience

The Solution

- ~600MM annual visits²
- ~3MM new & used vehicle listings²
- Trusted, objective editorial content
- Price transparency & comparisons
- 12MM+ vehicle, dealership & salesperson reviews³

Dealer Challenges

- Growing customer expectations
- Inefficient advertising
- Disruption from online dealers
- Too many disparate solutions



We're here to make car-buying simple

¹ 25.8K independent US car dealerships per 2020 Borrell Automotive Advertising Outlook report, and 16.6K franchised dealers per National Automobile Dealers Association

² As of Full Year/Q4 2021; ³ As of September 30, 2022

Durable Brand and Subscription Based Model Yields Strong Recurring Revenue

Overview

- ~20K dealer customers list new and used inventory on Cars.com on a subscription basis
- Solutions include Dealer Inspire website products, FUEL in market video, DealerRater review platform and Accu-Trade vehicle acquisition
- Targeting market leading franchised dealers, dealer groups and independent dealers
- Monthly ARPD of \$2,334¹

Revenue mix¹



Target partners



42K+²
Dealers

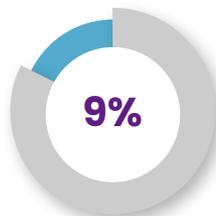
Dealer

- Cars.com
- Dealer Inspire
- Dealer Rater
- Conversations
- FUEL
- Accu-Trade

OEM & National

- Cars.com
- Fuel

- Nearly all OEMs as well as auto adjacent companies advertise with CARS
- Long-term relationships cultivated with target partners
- Solutions range from performance marketing to value-add solutions like lead generation, CPO programs and FUEL in market video



OEMs

CARSTM

\$165MM

Q3 2022 Revenue

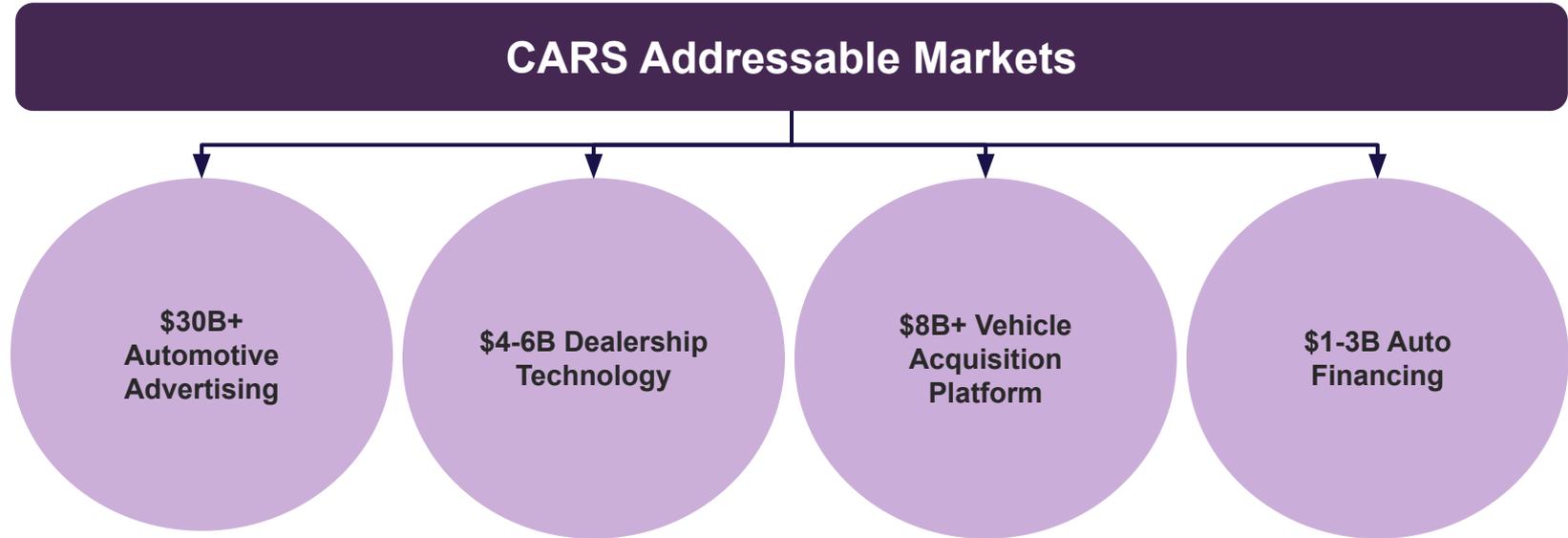
Note: 3.0% of revenue is related to "Other Revenue" which consists of data-driven solutions ,revenue partnerships and CreditIQ; ¹ Q3 2022

² 25.8K independent US car dealerships in 2019 per 2020 Borrell Automotive Advertising Outlook report, and 16.6K franchised dealers as of June YTD 2020 per National Automobile Dealers Association

02

**Operating in a Large
and Growing
Addressable Market**

Significant Headroom in Multi-Billion-Dollar TAM

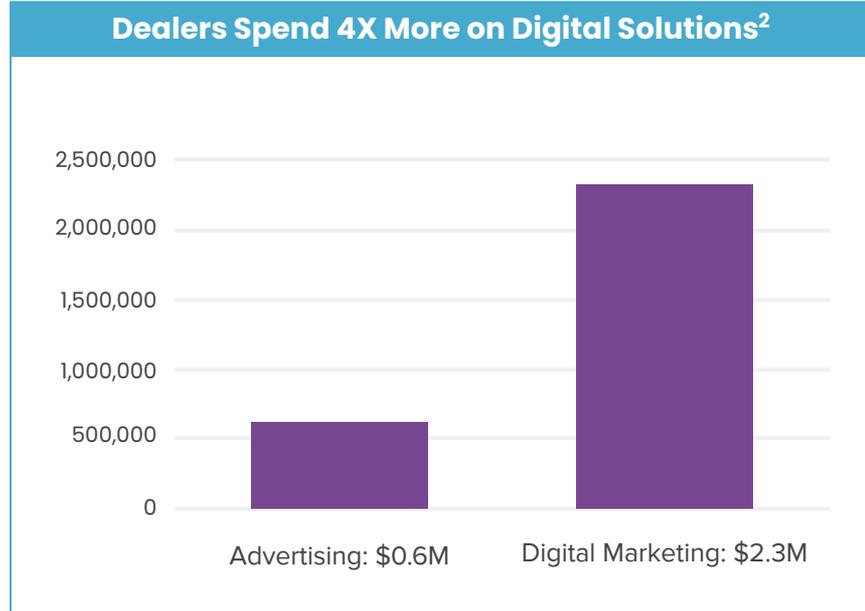


Sources: Borell, McKinsey, ACV, Automotive Ventures

Tapping into More than Just Advertising Budgets

WE CAPTURE LESS THAN 2% OF U.S. AUTO ADVERTISING

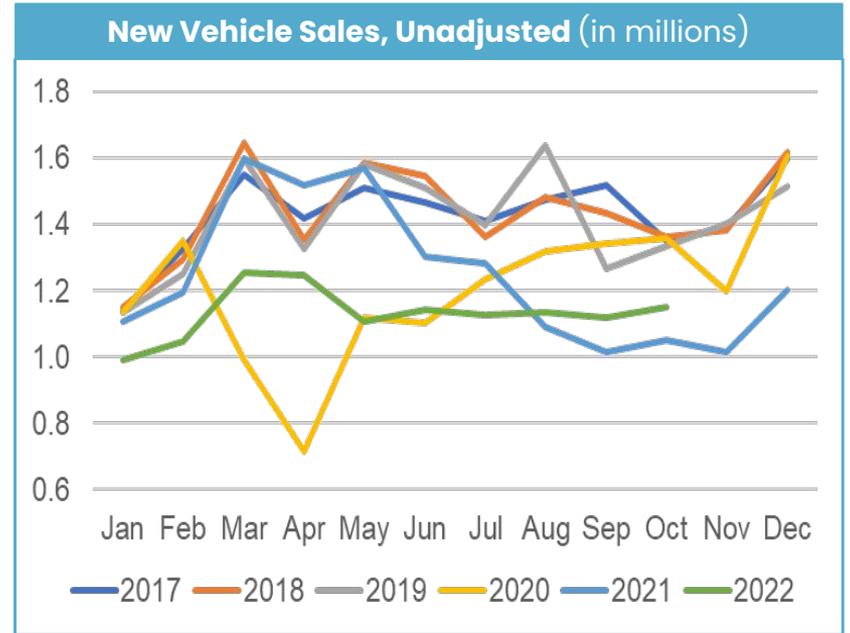
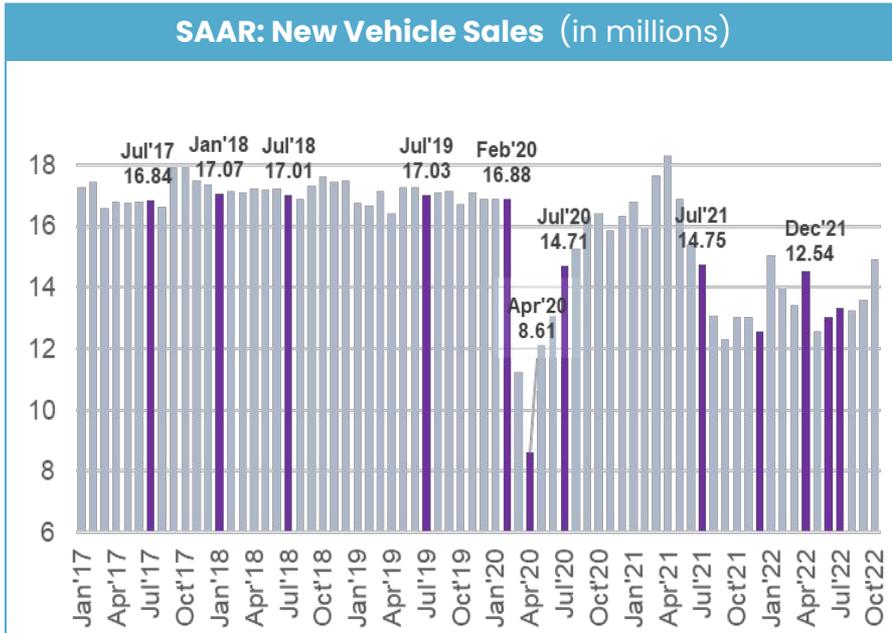
- \$30B+ is spent in Automotive Advertising in the U.S. growing at 3% CAGR¹
- \$21B is spent in Digital, projected to grow at a 5% CAGR¹



- Typical dealer spends ~4x more on digital marketing services than advertising
- Average Dealer Spends \$2.9M/year

Car Ownership Trends Remain Durable

Strong Demand for Car Ownership



Source: U.S. Bureau of Economic Analysis

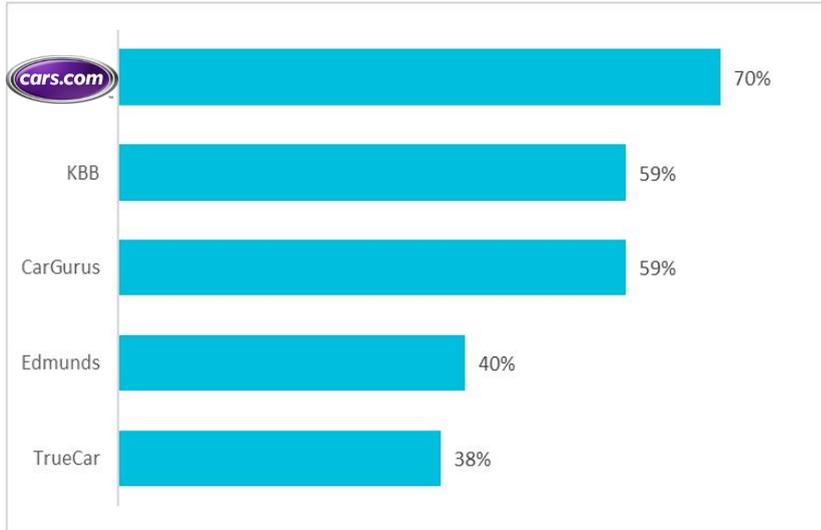
03

**Leading Brand
with Strong
Organic Traffic**

Strong Brand Drives Marketing Efficiencies

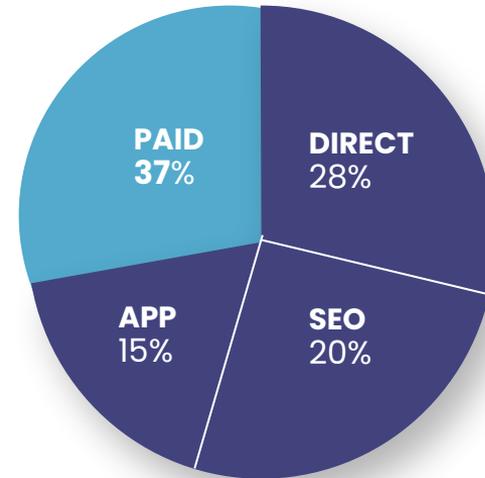
We Spend Half as Much in Advertising as our Largest Competitor

Cars.com is #1 in total brand awareness¹



Majority of Traffic Generated Organically

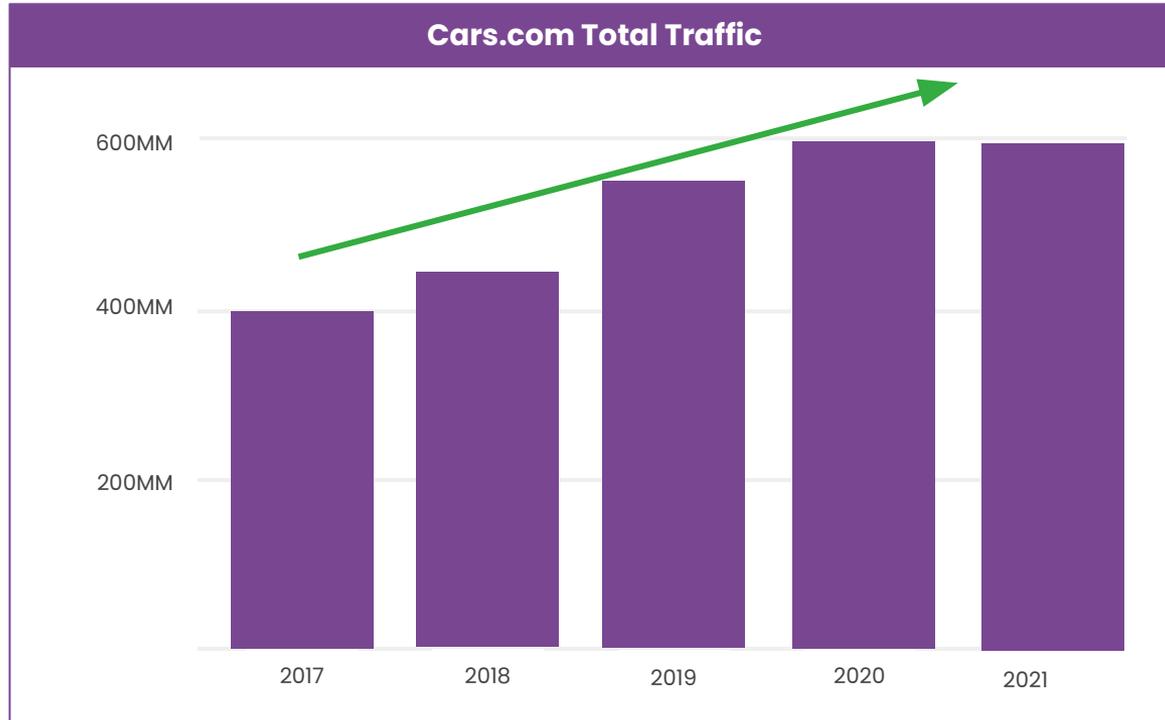
Q3 2022 CARS Traffic Breakdown



¹ Qualtrics as of June 30, 2022; total brand awareness shown among CARS' competitive set

Strong Brand Supports Traffic Growth

~600MM visits in 2021



1%
CAGR

04

Well Positioned to Benefit From Accelerating Shift to Digital Automotive Solutions

Solutions Connect Car Shoppers with Dealers

We Help our Customers, **OEMs and Dealers**, Reach Their Customers, **Car Shoppers**



Marketplace Listings

Customized marketing and customer acquisition solutions



Cars Social

Allows dealers to power their own dynamic social ads leveraging Cars.com's pure, first-party audience data



FUEL-IMV

Delivers video ads to local in-market shoppers on their device of choice, leveraging Cars.com's pure, first-party audience data



DealerRater

Allows local car shoppers to discover, meet and recommend a dealership's team, improving our customers' reputations and building authentic relationships



Dealer Inspire Websites

Award winning, custom designed website platforms supporting highly personalized digital campaigns



Conversations

Powerful A.I. messaging platform that centralizes customer communication, improves quality and speed of response time, and decreases operating costs



Online Shopper

Provides consumers with advanced payment options, resulting in higher intent, higher quality and faster-to-close leads for dealers



CreditIQ

Provides online loan screening and approvals to facilitate online car buying

Accu-Trade

Enables real-time transparency on vehicle valuation and provides a trusted platform for secure online transactions for dealers and consumers looking to sell to qualified buyers

DISCOVER & SHOP

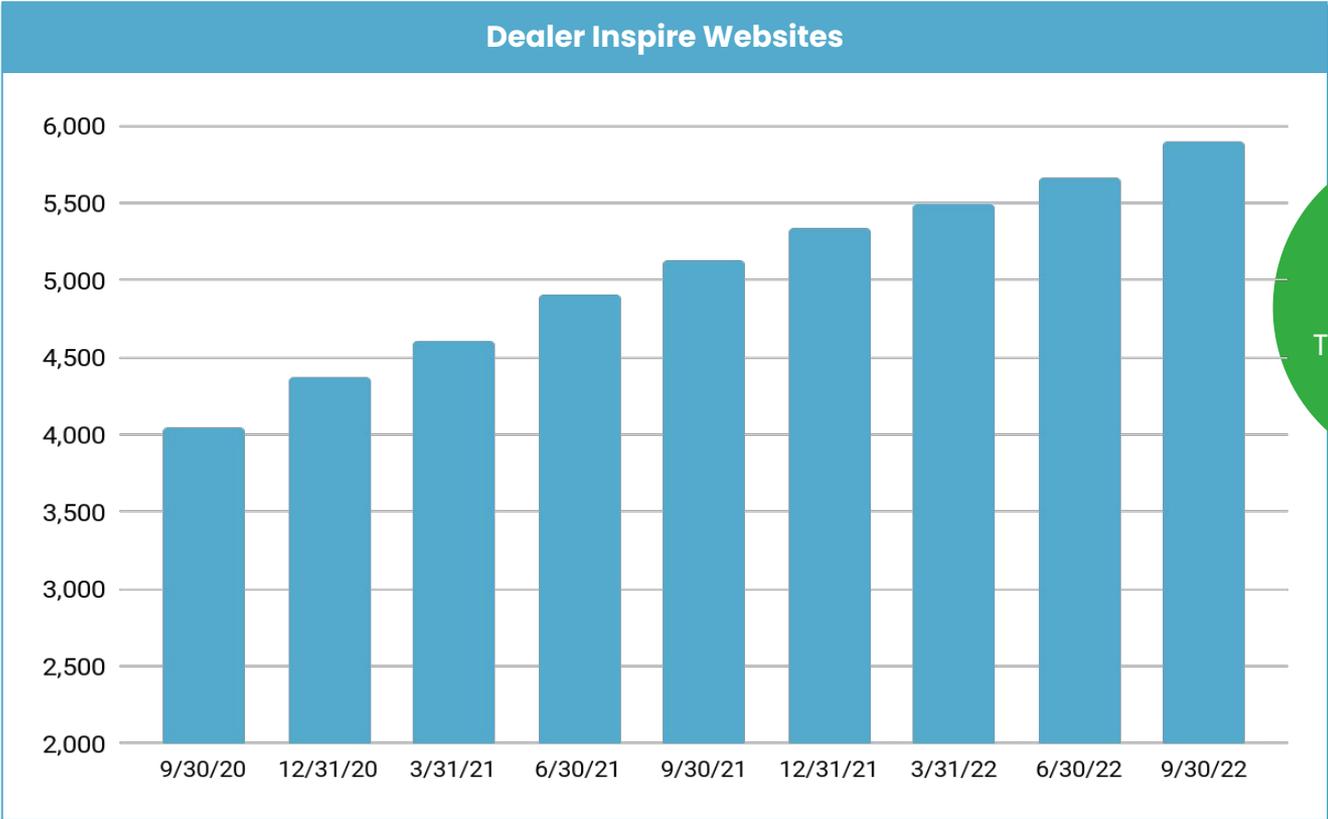


CONNECT



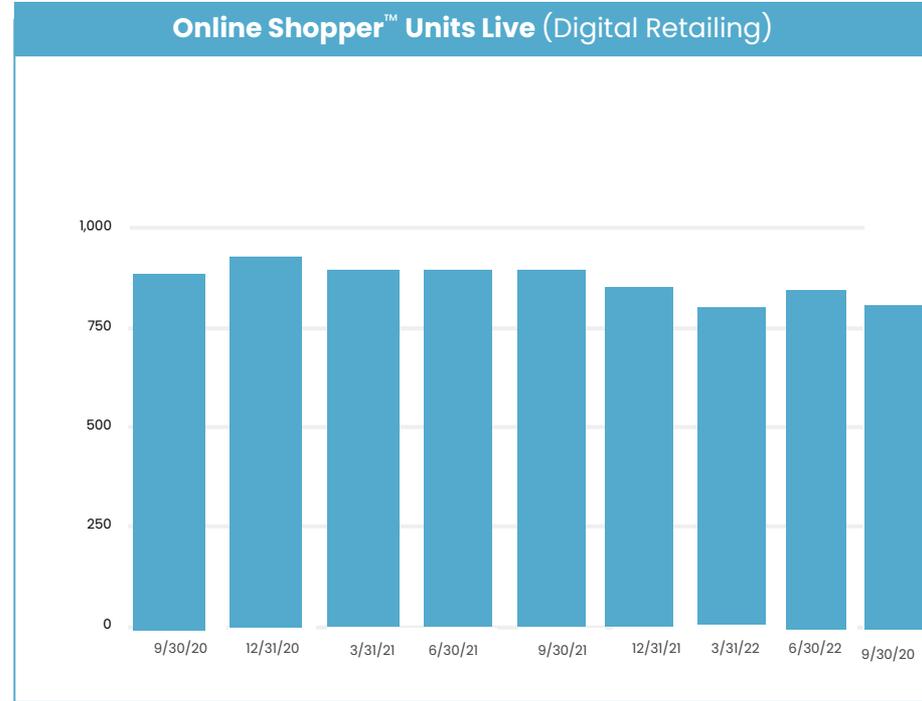
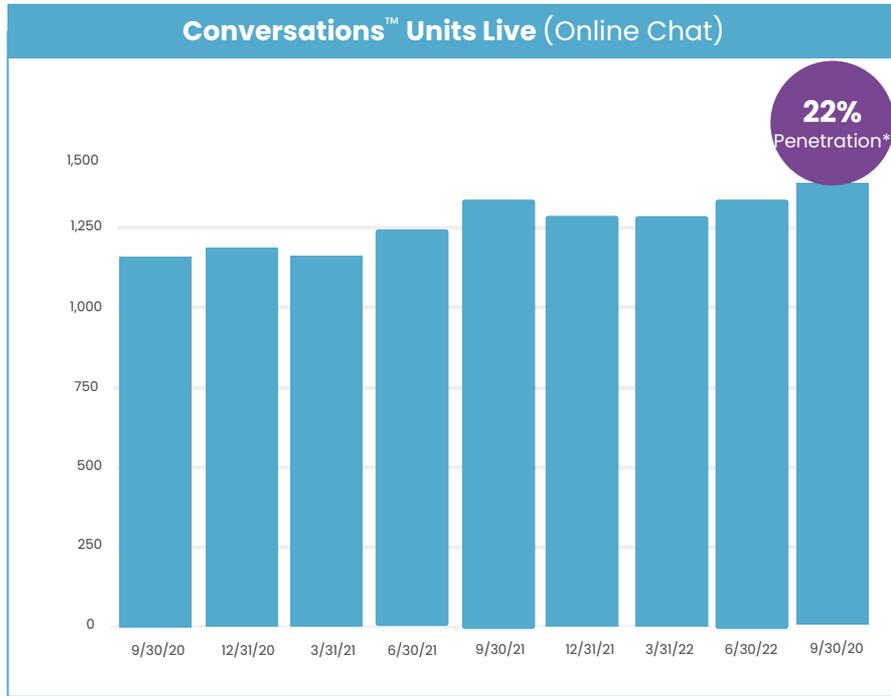
BUY

Dealer Website Growth



5,900
Total DI Websites

Dealer Inspire Growth Supported by OEM Partnerships



* Penetration rates calculated as units/website customers

FUELing Future Growth and ARPD through New Products

fuel  Unlock the power of in-market video and unprecedented audience targeting

- Subscription-like model connecting dealers directly to in-market shoppers through a customized video marketing platform
- Launched in February 2020

MAXIMIZE ROI ON IN-MARKET SHOPPERS

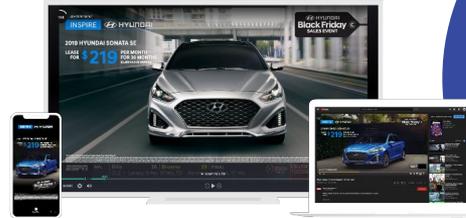
At any given time, a small percentage of households in a market are serious about buying a car — but we know who they are. By leveraging audience data from the most popular automotive marketplace, FUEL ads only target in-market shoppers



LAUNCH A FUEL AUDIENCE TAKEOVER

We reach the target audience across the devices and platforms they watch video on every day.

FUEL analyzes the ad frequency needed to move the needle in the market, and takes over screens until shoppers in the area can't think of anywhere else to buy a car



CARS' Innovative Solutions Promote At-Home Shopping

Supporting consumers desire to shop when, where & how they want to shop

Home Delivery & Virtual Appointment

- Making dealer inventory accessible for home delivery



We're excited to share that we've made it even easier to find your perfect match without leaving the comfort and safety of home. Keep an eye out for vehicle listings with "Virtual Appointments" and "Local Home Delivery" badges for a more seamless online shopping experience.



Online Shopper

- Seamless end-to-end digital retailing solution
- Enables saving, customizing and comparing payments for online listings in minutes



Conversations

- Advanced messaging solution instantly connects customers to dealers 24/7
- Seamless texting between dealer and customer, desktop and mobile, and tracked in the dealer's CRM



OEM Partnerships

- OEMs working directly with CARS editorial teams to deliver the most relevant content in real time
- Support for virtual test drives, real-time incentives, and shopper guidance



05

Resilient Business Model With Attractive Free Cash Flow Profile and Strong Balance Sheet

Substantial Liquidity and Financial Flexibility

Recurring revenue

- Diversified Subscription model
- Customer base

Strong free cash flow

- Asset Light
- Minimal working capital needs
- Low cash taxes due to tax-deductible intangible amortization, NOL & tax credits

Flexible and solid balance sheet

- \$70.0MM term loan and \$400.0MM notes¹
- \$31.9MM cash¹ & \$195.0MM undrawn on revolving credit facility¹
- 2.6x net leverage²
- Repurchased 3.5MM shares³

Strategically deploying capital to drive the greatest shareholder value

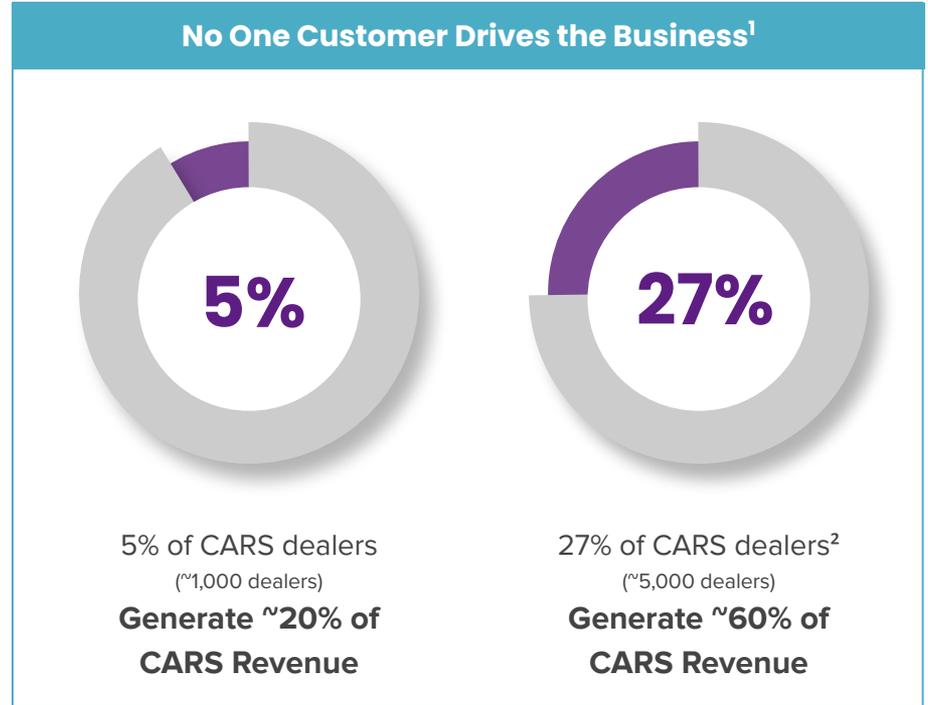
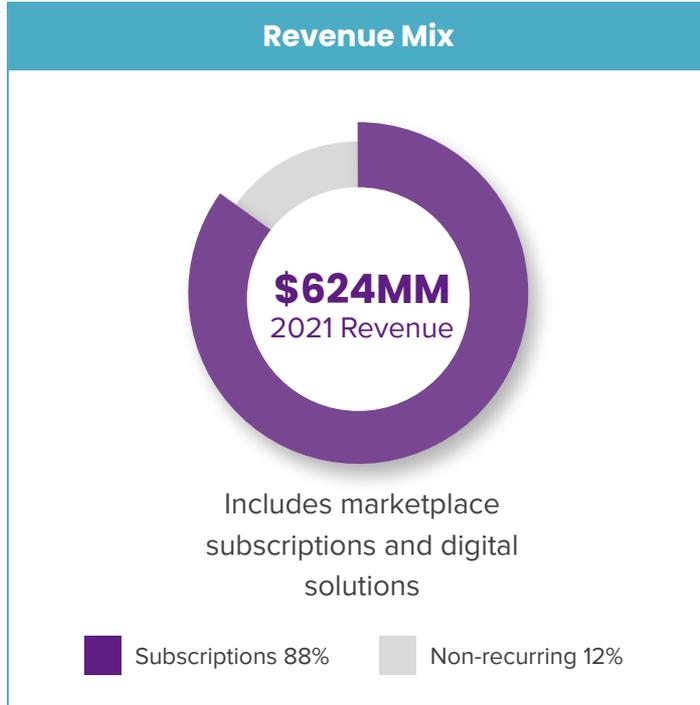
- Investing in organic growth initiatives
- Executing value-accretive M&A
- Paying down debt
- Returning capital to shareholders

¹ As of September 30, 2022

² For the three months ended September 30, 2022

³ For the nine months ended September 30, 2022

Recurring Subscription Revenue From Diversified Customer Base



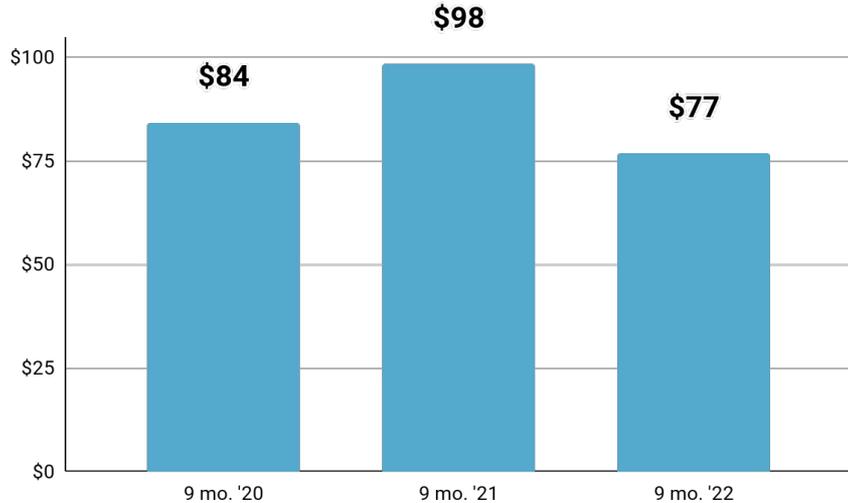
¹ Based on total number of dealers invoiced over the course of twelve months ended December 2021; Revenue is for Marketplace customers only

² Includes the 5% of CARS dealers that represent 20% of revenue

Robust Cash Flow, Solid Balance Sheet

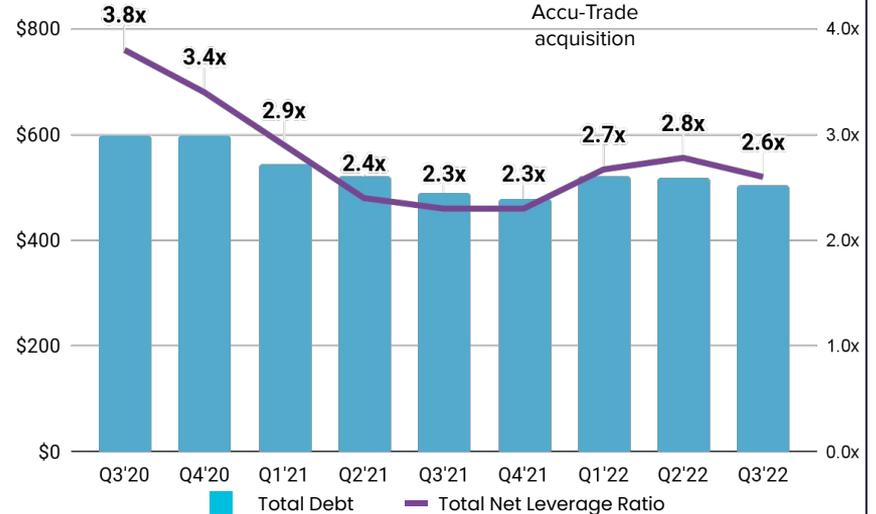
YTD Free Cash Flow Trend (\$MM)

Includes \$9MM Tax Refund Related to CARES Act



Total Debt (\$MM) & Net Leverage Ratio

Reflects borrowing to fund Accu-Trade acquisition



06

Clear Strategy & Roadmap for Growth

2022 Strategy: Building Blocks for Our Future

**Best-in-Class
Brand
and Consumer
Experience**

**Product Solutions to
Help Customers Sell
More Cars**

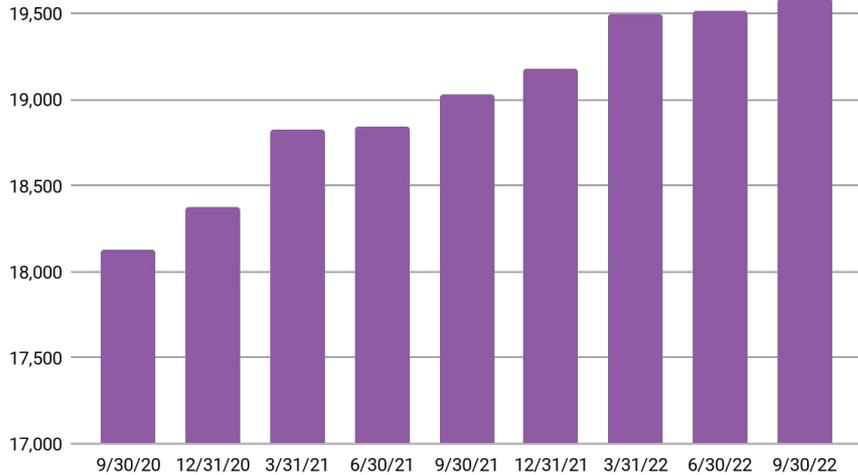
**Efficient Technology
Systems to Speed
Innovation**

**Industry-Leading
Sales and
Customer Support**

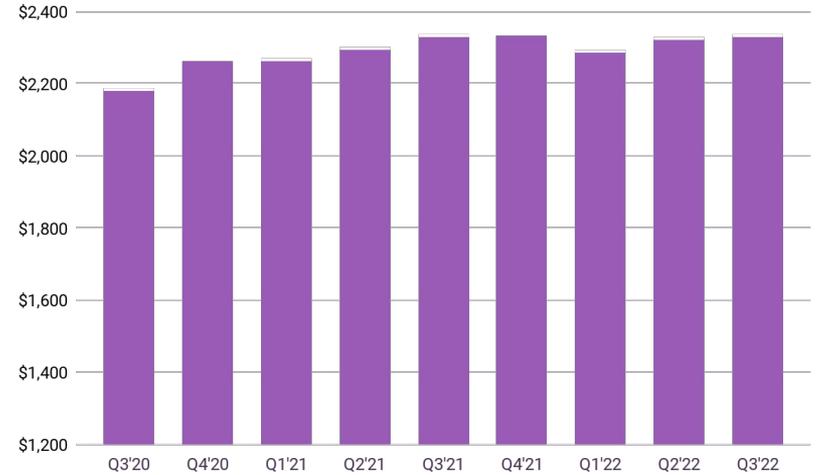
SUSTAINABLE MARKET LEADERSHIP

Multiple Levers to Grow Revenue

Dealer Customers



Average Monthly ARPD



Led by an Experienced, Diverse Leadership Team



Alex Vetter
Chief Executive
Officer



Sonia Jain
Chief Financial Officer



**Angelique Strong
Marks**
Chief Legal
Officer



Doug Miller
President & Chief
Commercial Officer



Joe Chura
Chief Innovation Officer



Matthew Crawford
Chief Product Officer



Greg Heidorn
Chief Technology
Officer



Emily RHOMBERG
Interim Chief People
Officer



Julien Schneider
Senior Vice President,
Strategy & Business
Transformation



Marita Hudson Thomas
Chief Communications
Officer



Jandy Tomy
Executive Vice
President of Finance
and Treasurer



Jennifer Vianello
Chief Marketing Officer

Investment Highlights

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Appendix



Non-GAAP Reconciliations

(unaudited and in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Reconciliation of Net income to Adjusted EBITDA				
Net (loss) income	\$ (2,941)	\$ 2,431	\$ 6,944	\$ 13,675
Interest expense, net	8,501	9,522	26,878	29,362
Income tax expense (benefit)	952	140	(830)	1,257
Depreciation and amortization	23,134	25,552	70,688	76,530
Stock-based compensation	5,578	5,623	17,576	16,760
Write-off of long-lived assets and other	100	809	70	888
Severance, transformation and other exit costs	1,558	1,073	3,369	2,780
Transaction-related items	13,001	622	12,514	1,134
Adjusted EBITDA	<u>\$ 49,883</u>	<u>\$ 45,772</u>	<u>\$ 137,209</u>	<u>\$ 142,386</u>

Reconciliation of Net cash provided by operating activities to Free cash flow

Net cash provided by operating activities	\$ 49,011	\$ 36,607	\$ 91,291	\$ 116,226
Purchase of property and equipment	(5,844)	(4,784)	(14,399)	(17,879)
Free cash flow	<u>\$ 43,167</u>	<u>\$ 31,823</u>	<u>\$ 76,892</u>	<u>\$ 98,347</u>

Non-GAAP Reconciliations

(unaudited and in thousands)

Reconciliation of Operating expenses to Adjusted operating expenses for the Three Months Ended September 30, 2022:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 28,828	\$ —	\$ (240)	\$ 28,588
Product and technology	21,425	—	(1,754)	19,671
Marketing and sales	53,615	—	(1,132)	52,483
General and administrative	17,694	(2,924)	(2,452)	12,318
Depreciation and amortization	23,134	—	—	23,134
Total operating expenses	\$ 144,696	\$ (2,924)	\$ (5,578)	\$ 136,194
Total nonoperating expense, net	\$ (21,888)	\$ 13,360	\$ —	\$ (8,528)

⁽¹⁾ Includes transaction related items, severance, transformation and other exit costs, and write-off of long-lived assets and other.

Reconciliation of Operating expenses to Adjusted operating expenses for the Three Months Ended September 30, 2021:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 28,928	\$ —	\$ (187)	\$ 28,741
Product and technology	20,132	—	(1,323)	18,809
Marketing and sales	51,948	—	(1,374)	50,574
General and administrative	17,919	(2,458)	(2,739)	12,722
Depreciation and amortization	25,552	—	—	25,552
Total operating expenses	\$ 144,479	\$ (2,458)	\$ (5,623)	\$ 136,398
Total nonoperating expense, net	\$ (9,503)	\$ 46	\$ —	\$ (9,457)

⁽¹⁾ Includes severance, transformation and other exit costs, write-off of long-lived assets and other and transaction related costs.

Non-GAAP Reconciliations

(unaudited and in thousands)

Reconciliation of Operating expenses to Adjusted operating expenses for the Nine Months Ended September 30, 2022:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 86,084	\$ —	\$ (759)	\$ 85,325
Product and technology	65,849	—	(5,086)	60,763
Marketing and sales	165,364	—	(3,904)	161,460
General and administrative	51,465	(6,570)	(7,827)	37,068
Depreciation and amortization	70,688	—	—	70,688
Total operating expenses	\$ 439,450	\$ (6,570)	\$ (17,576)	\$ 415,304
Total nonoperating expense, net	\$ (40,111)	\$ 13,175	\$ —	\$ (26,936)

⁽¹⁾ Includes transaction related items, severance, transformation and other exit costs, and write-off of long-lived assets and other.

Reconciliation of Operating expenses to Adjusted operating expenses for the Nine Months Ended September 30, 2021:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 84,978	\$ —	\$ (730)	\$ 84,248
Product and technology	56,326	—	(4,399)	51,927
Marketing and sales	156,468	—	(4,135)	152,333
General and administrative	46,800	(4,677)	(7,496)	34,627
Depreciation and amortization	76,530	—	—	76,530
Total operating expenses	\$ 421,102	\$ (4,677)	\$ (16,760)	\$ 399,665
Total nonoperating expense, net	\$ (29,344)	\$ 125	\$ —	\$ (29,219)

⁽¹⁾ Includes severance, transformation and other exit costs, transaction related costs, and write-off of long-lived assets and other.

Definitions: Key Metrics

Traffic (“Visits”). Traffic is fundamental to our business. Traffic to the CARS network of websites and mobile apps provides value to our advertisers in terms of audience, awareness, consideration and conversion. In addition to tracking traffic volume and sources, we monitor activity on our properties, allowing us to innovate and refine our consumer-facing offerings. Traffic is defined as the number of visits to CARS desktop and mobile properties (responsive sites and mobile apps), measured using Adobe Analytics. Traffic does not include traffic to Dealer Inspire websites. Traffic provides an indication of our consumer reach. Although our consumer reach does not directly result in revenue, we believe our ability to reach in-market car shoppers is attractive to our dealer customers and national advertisers.

Average Monthly Unique Visitors (“UVs”). Growth in unique visitors and consumer traffic to our network of websites and mobile apps increases the number of impressions, clicks, leads and other events we can monetize to generate revenue. We define UVs in a given month as the number of distinct visitors that engage with our platform during that month. Visitors are identified when a user first visits an individual CARS property on an individual device/browser combination or installs one of our mobile apps on an individual device. If a visitor accesses more than one of our web properties or apps or uses more than one device or browser, each of those unique property/browser/app/device combinations counts toward the number of UVs. UVs do not include Dealer Inspire UVs. We measure UVs using Adobe Analytics.

Average Revenue Per Dealer (“ARPD”). We believe that our ability to grow ARPD is an indicator of the value proposition of our platform. We define ARPD as Dealer revenue, excluding digital advertising services, during the period divided by the monthly average number of Dealer Customers during the same period. For the three months ended June 30, 2022, Accu-Trade is included in our ARPD metric, which had an immaterial impact on ARPD; however, no prior period has been recast as it would be impracticable to do so.

Dealer Customers. Dealer Customers represent dealerships using our products as of the end of each reporting period. Each physical or virtual dealership location is counted separately, whether it is a single-location proprietorship or part of a large, consolidated dealer group. Multi-franchise dealerships at a single location are counted as one dealer. As of 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.