



First Quarter 2023 Earnings

May 4, 2023

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, fair value changes to contingent considerations 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 internally developed technology.

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.

Delivered Growth Across Key Metrics in Q1



**Accelerated
Revenue Growth,
+6% YOY**



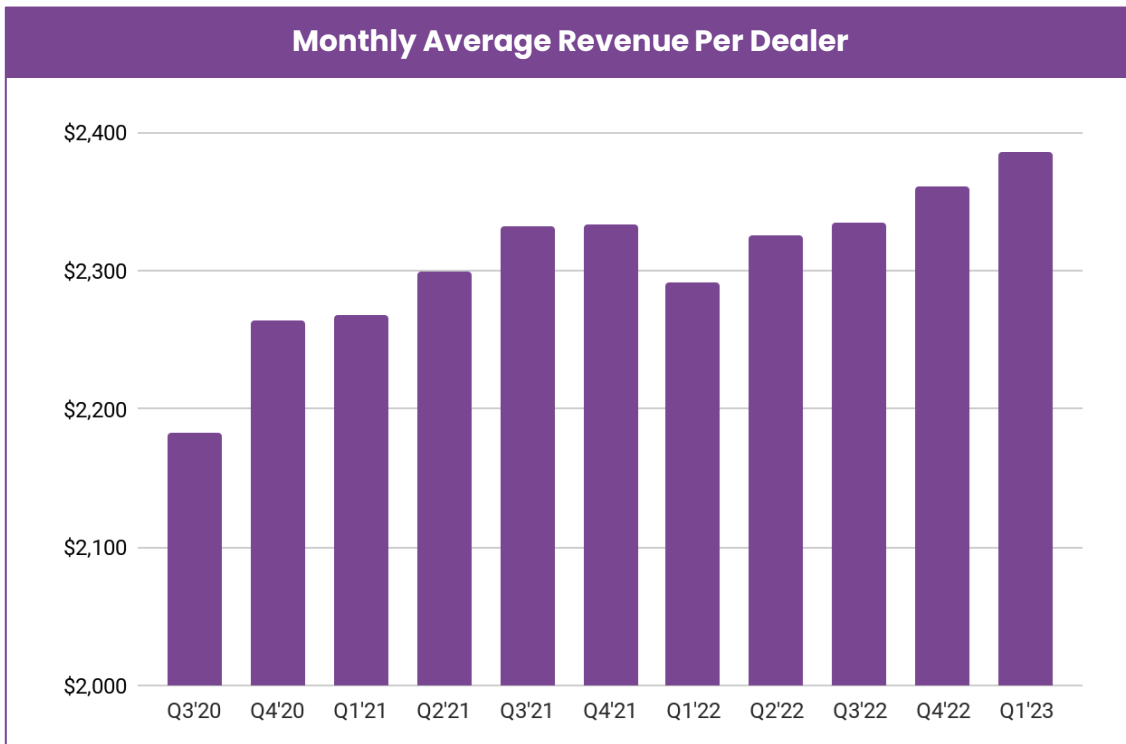
**Solid Adjusted
EBITDA,
26.5% Margin**



**Continued
Website Growth and
Product Adoption**

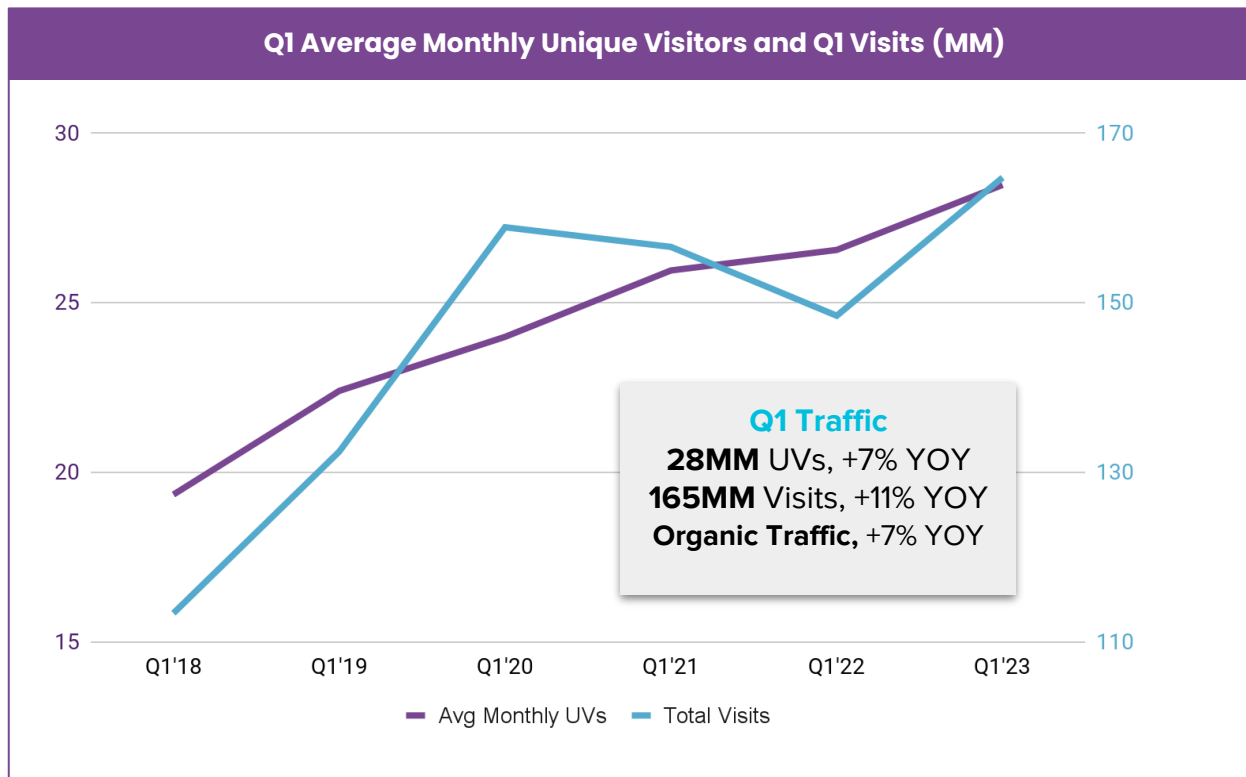
**Grew ARPD by +4%
YOY, Driven by
Continued Product
Adoption**

+\$95 YOY



ARPD excludes revenue from Dealer Inpire digital advertising services.

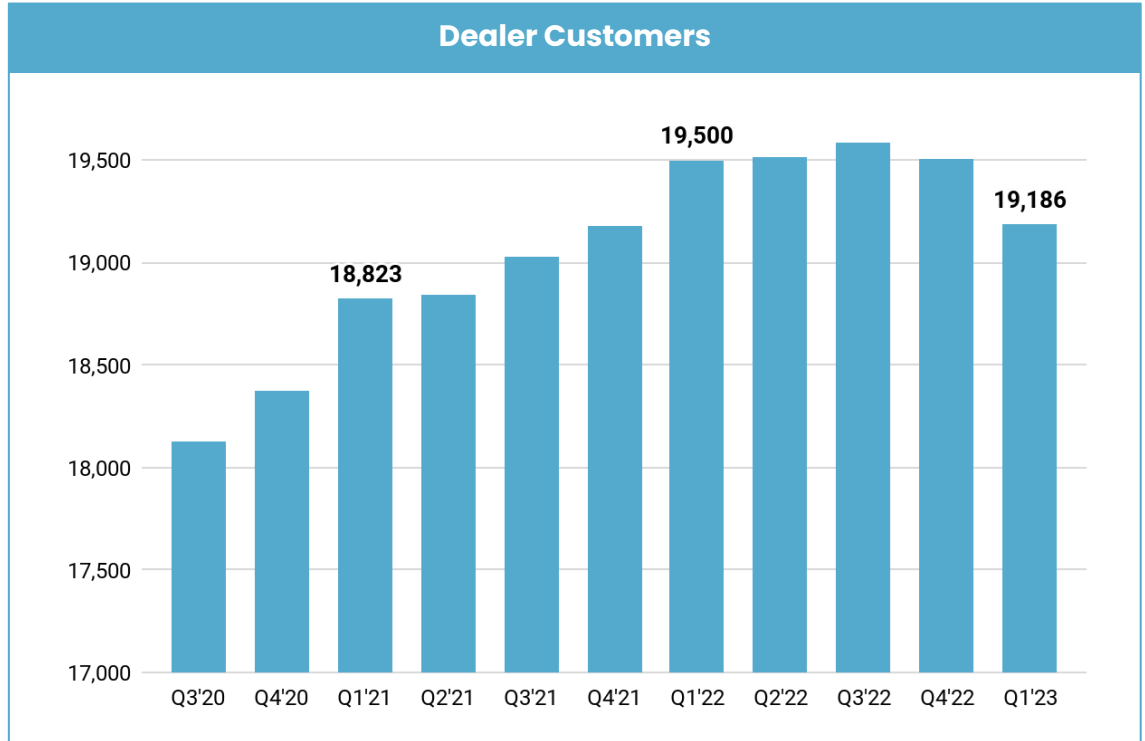
Highly Organic and Engaged In-Market Audience





Dealer Customers Remain Solid Despite Expected Pull-backs from Digital Dealers

- Dealer Customers would be up YOY, excluding the loss of digital dealers



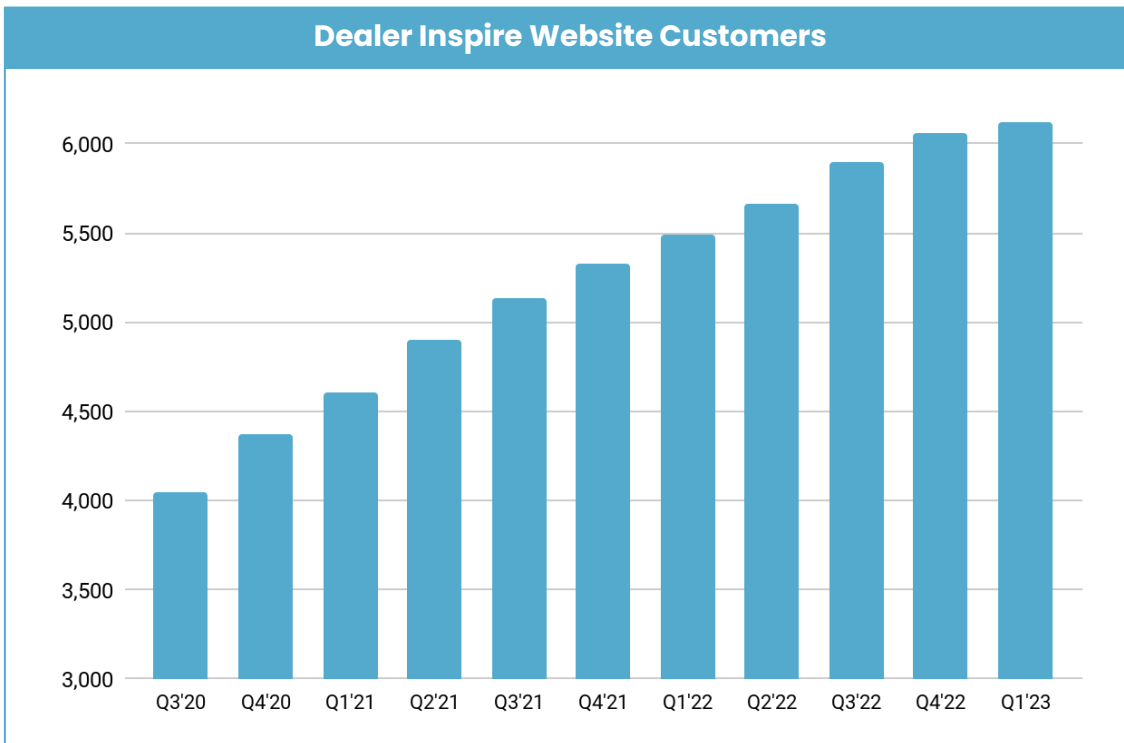
Continued Growth in Website Customers

+630

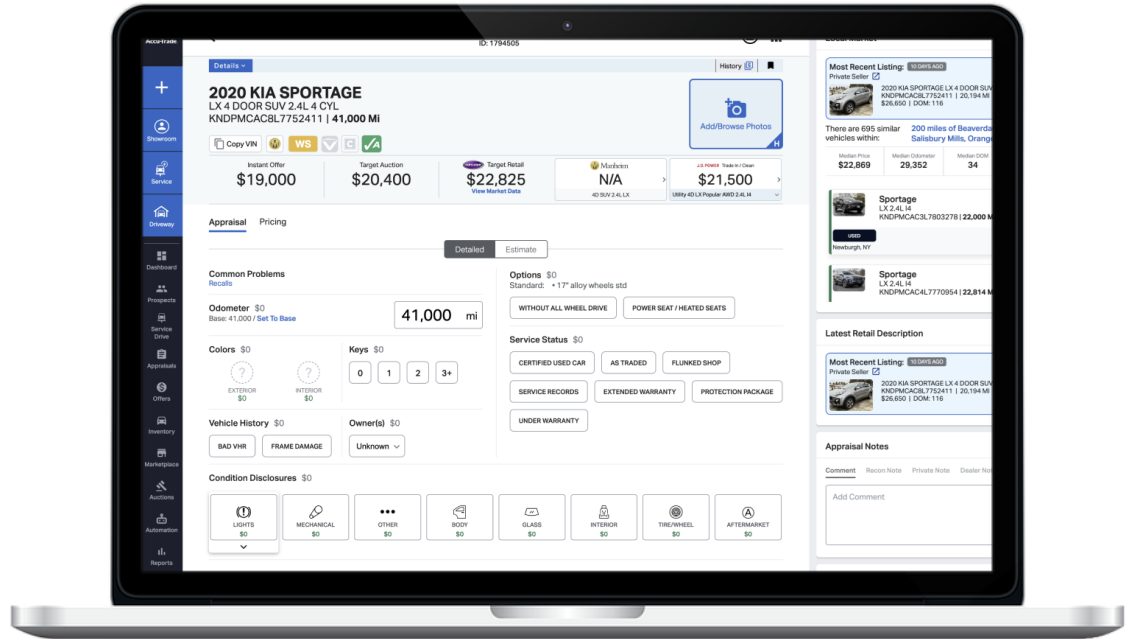
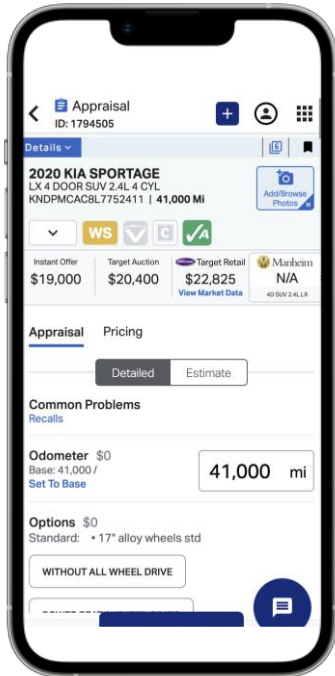
Website Customers YOY

~6,100

Total Website Customers

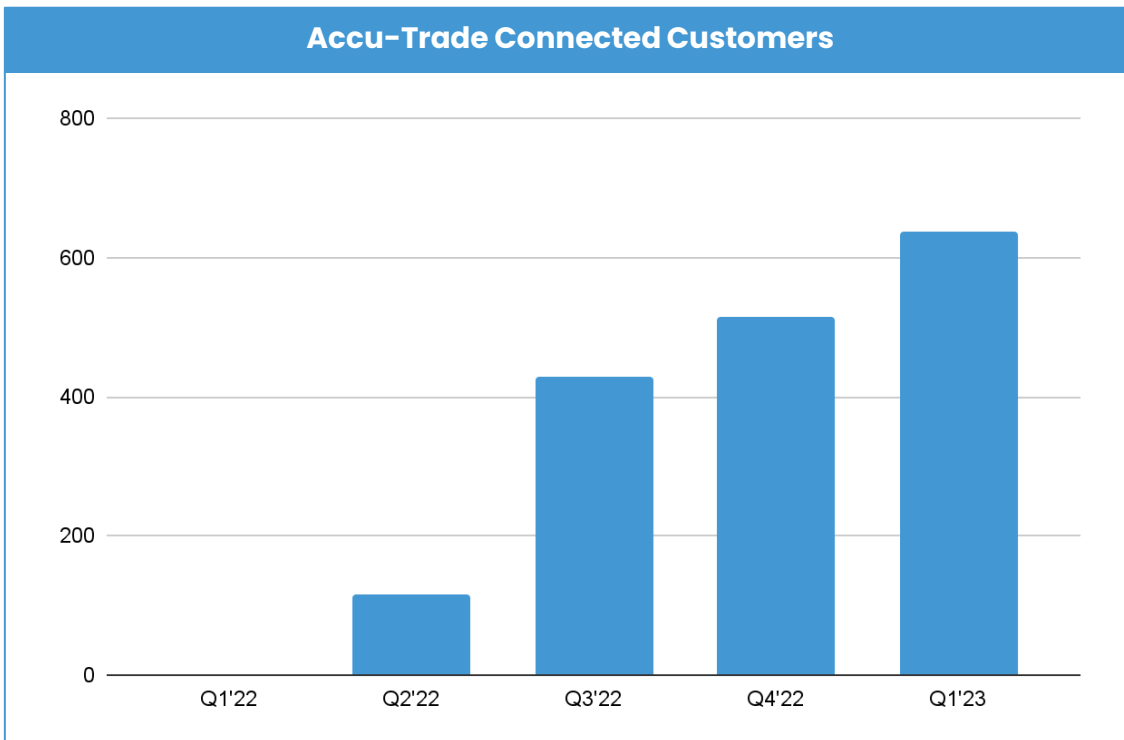


Accu-Trade VIN-Specific Technology Enables Shoppers and Sellers to Transact With Ease



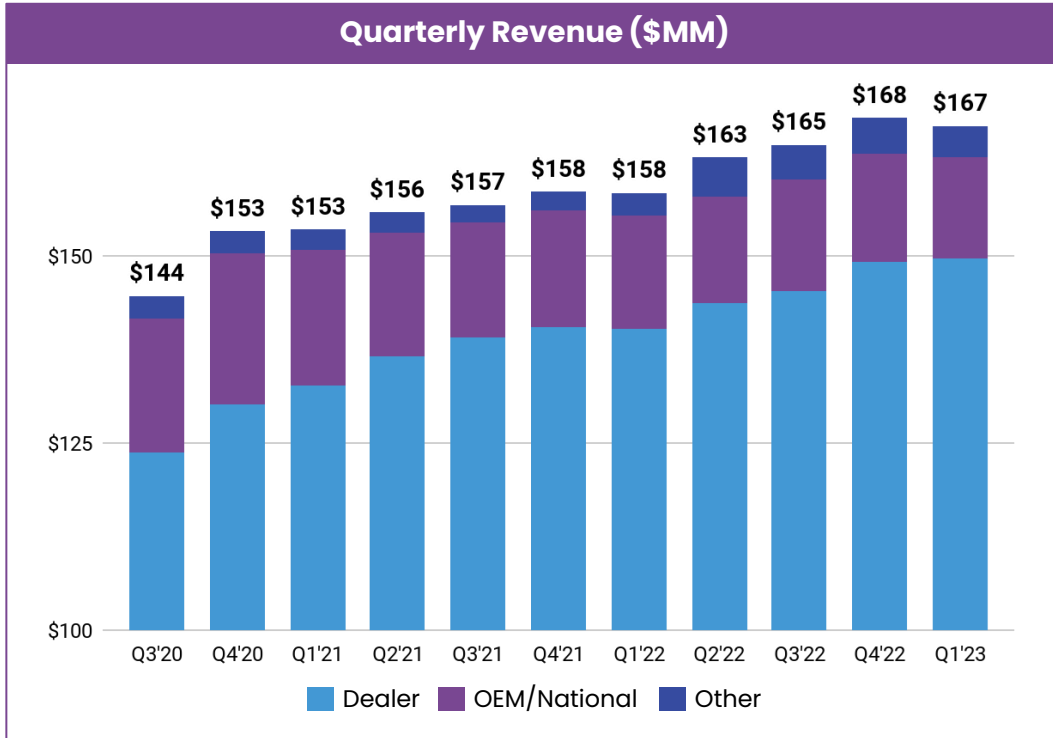
Accu-Trade Continues to See Strong Engagement from Dealers and Consumers

- 600+ Accu-Trade Connected Customers
- Appraisals increased 70% QOQ





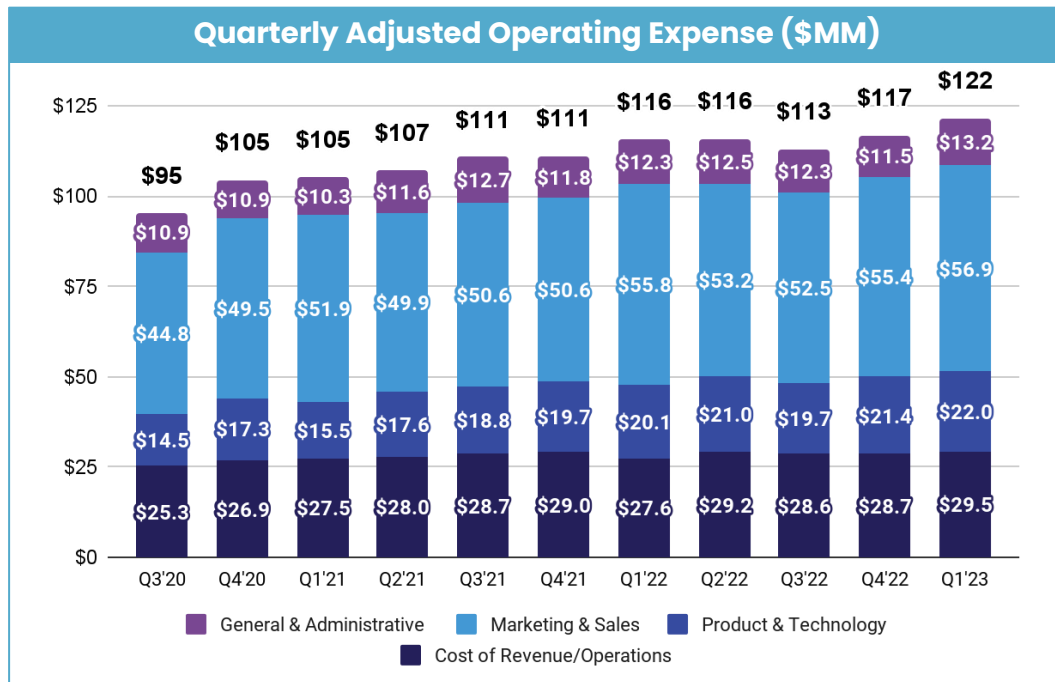
Revenue Growth +6% YOY



Drivers of Revenue Growth

- Despite a pullback by digital dealers, Dealer Revenue +7% YOY driven by websites, media upsells, and Accu-Trade
- While overall OEM & National Revenue -11% YOY due to insurance customers, we saw greenshoots with OEM customers

Disciplined Management of Operating Expenses

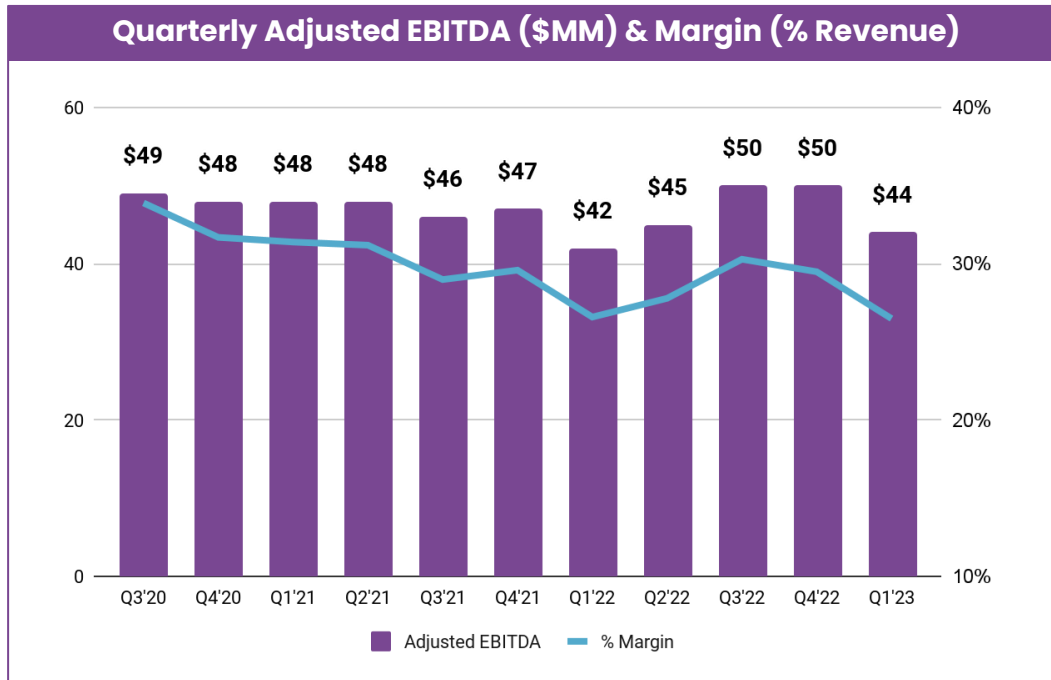


Drivers of Changes in Expense

- YOY increase in Marketing and Sales driven by sales & support staff to support new product launches, offset by lower Marketing expenses than planned
- YOY increase in Product and Technology driven by acquisition, integration and launch of Accu-Trade

Note: 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. Adjusted Operating Expenses in this graph exclude depreciation and amortization.

Solid Adjusted EBITDA



Drivers of Adjusted EBITDA

- Adjusted EBITDA and Adjusted EBITDA margin tend to be historically low in Q1, given the return of key in-person industry events
- Revenue mix also impacts quarterly Adjusted EBITDA and Adjusted EBITDA margins



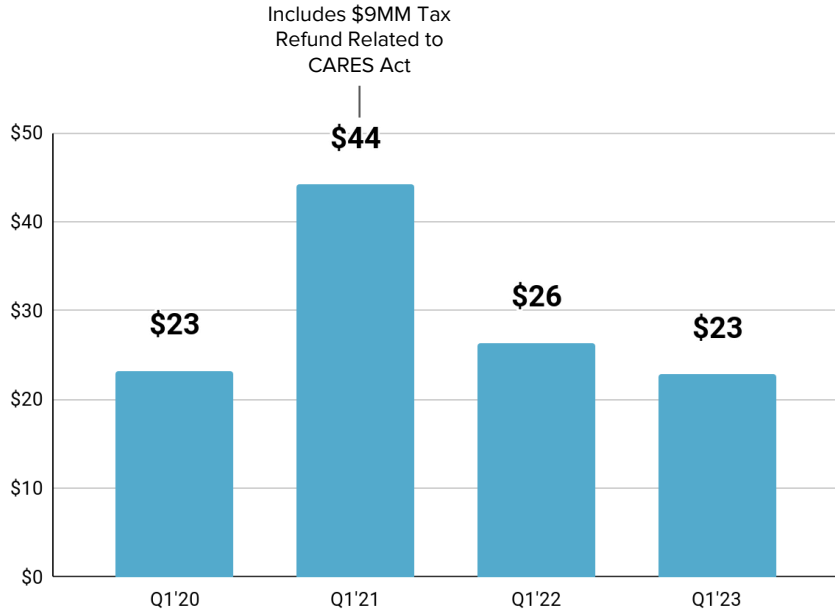
Strength Across Key Operating Metrics

	Q1 2023	Q1 2022
AVERAGE MONTHLY UNIQUE VISITORS	28.5 MM	26.6 MM
TRAFFIC (VISITS)	164.8 MM	148.5 MM
MONTHLY ARPD ¹	\$2,386	\$2,291
DEALER CUSTOMERS	19,186	19,500

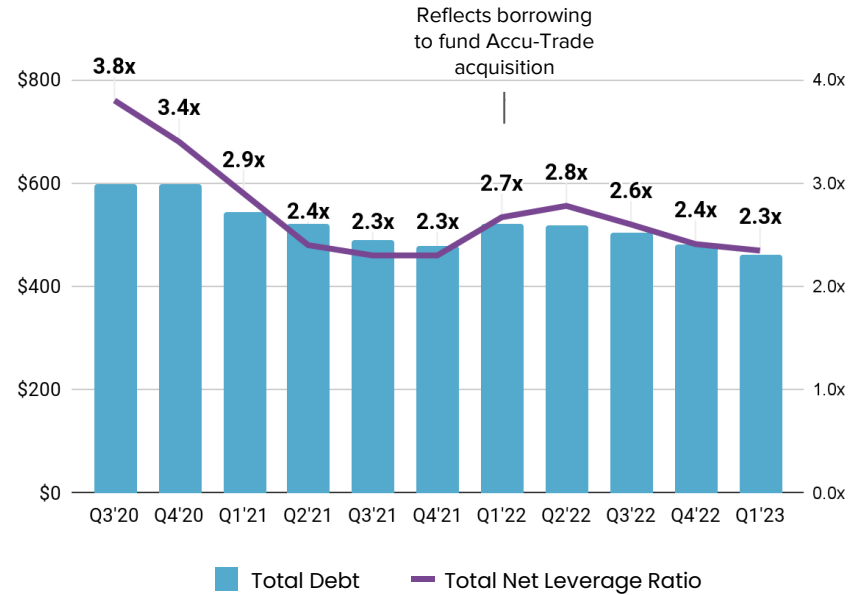
¹ARPD excludes revenue from Dealer Inspire digital advertising services.

Robust Cash Flow, Solid Balance Sheet

YTD Free Cash Flow Trend (\$MM)



Total Debt (\$MM) & Net Leverage Ratio



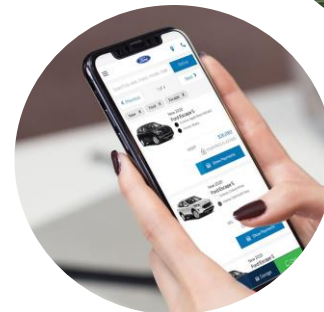
Outlook

Q2 2023 Outlook

- Q2 Revenue: \$168.0 to \$170.0 million
 - Represents 3% to 4% YOY growth
- Q2 Adjusted EBITDA margin: 26% to 28%

Reaffirm Full Year 2023 Outlook

- Full Year Revenue: YOY growth of 3% to 6%
- Adjusted EBITDA margins are expected to improve over the course of the year and we expect to exit Q4 with Adjusted EBITDA margins approaching 30%





Q&A



Upcoming IR Marketing Schedule

- D.A. Davidson Investor Meetings, NYC, May 10
- Barrington Virtual Conference, May 18
- J.P. Morgan Annual Global Technology, Media and Communications Conference, Boston, May 23

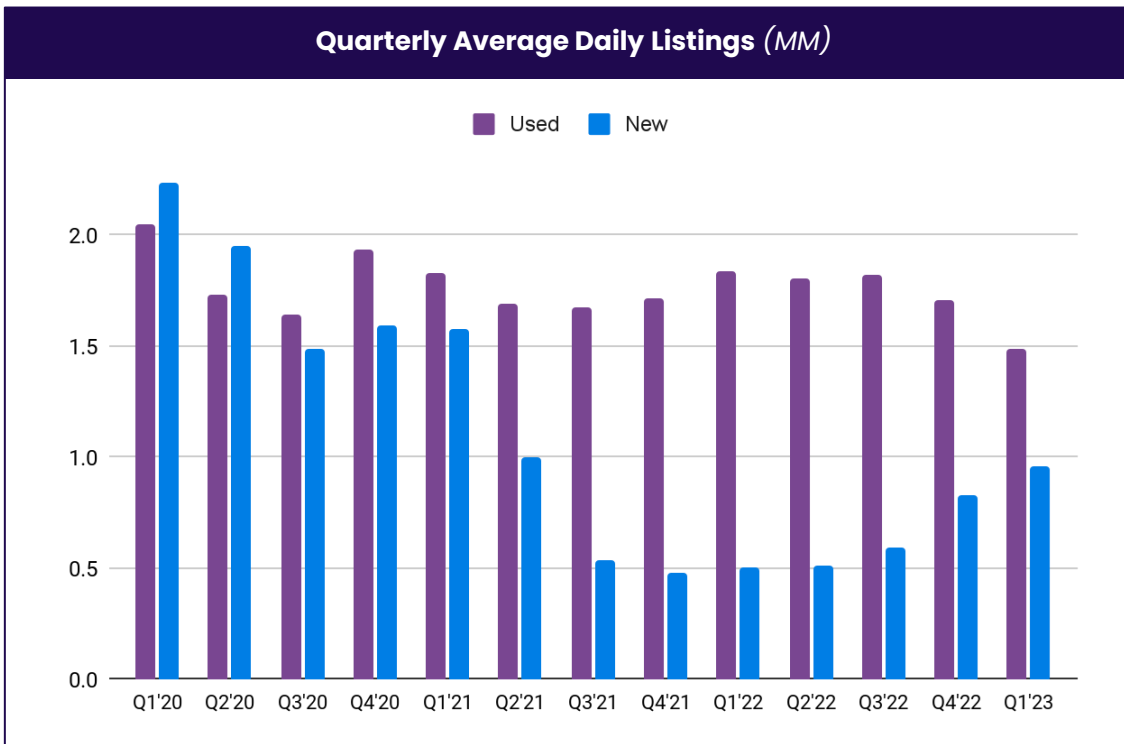




Appendix

New-Car Market Continues Recovery

- Although still below historical levels, new-vehicle daily inventory listings on Cars.com are up 17% QOQ and 91% YOY
- Used-car market remains healthy



Non-GAAP Reconciliations (unaudited and in thousands)



Cars.com Inc.
Non-GAAP Reconciliations
(In thousands)
(Unaudited)

Three Months Ended March 31,

2023 2022

Reconciliation of Net income to Adjusted EBITDA

Net income	\$ 11,479	\$ 4,340
Interest expense, net	8,244	9,330
Income tax expense (benefit)	1,045	(2,521)
Depreciation and amortization	24,042	24,553
Stock-based compensation	6,952	5,417
Write-off of long-lived assets and other	135	(45)
Severance, transformation and other exit costs	1,217	392
Transaction-related items	(8,777)	556
Adjusted EBITDA	<u>\$ 44,337</u>	<u>\$ 42,022</u>

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

Net cash provided by operating activities	\$ 28,141	\$ 30,358
Capitalization of internally developed technology	(5,172)	(3,516)
Purchase of property and equipment	(199)	(492)
Free cash flow	<u>\$ 22,770</u>	<u>\$ 26,350</u>

Non-GAAP Reconciliations (unaudited and in thousands)



Reconciliation of Operating expenses to Adjusted operating expenses for the Three Months Ended March 31, 2023:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 29,795	\$ —	\$ (307)	\$ 29,488
Product and technology	24,101	—	(2,057)	22,044
Marketing and sales	58,297	—	(1,433)	56,864
General and administrative	18,304	(1,917)	(3,155)	13,232
Depreciation and amortization	24,042	—	—	24,042
Total operating expenses	\$ 154,539	\$ (1,917)	\$ (6,952)	\$ 145,670
Total nonoperating expense, net	\$ (5)	\$ (8,259)	\$ —	\$ (8,264)

⁽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 March 31, 2022:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 27,752	\$ —	\$ (195)	\$ 27,557
Product and technology	21,307	—	(1,240)	20,067
Marketing and sales	57,094	—	(1,305)	55,789
General and administrative	16,560	(1,615)	(2,677)	12,268
Depreciation and amortization	24,553	—	—	24,553
Total operating expenses	\$ 147,266	\$ (1,615)	\$ (5,417)	\$ 140,234
Total nonoperating expense, net	\$ (9,122)	\$ (170)	\$ —	\$ (9,292)

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



Average Monthly Unique Visitors (“UVs”) and Traffic (“Visits”). The Company defines UVs in a given month as the number of distinct visitors that engage with its 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 its mobile apps on an individual device. If a visitor accesses more than one of its 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. Traffic is defined as the number of visits to CARS desktop and mobile properties (responsive sites and mobile apps). The Company measures UVs and Traffic via Adobe Analytics. These metrics do not include traffic to Dealer Inspire websites.

Monthly Average Revenue Per Dealer (“ARPD”). The Company believes that its ability to grow ARPD is an indicator of the value proposition of its platform. The Company defines ARPD as Dealer revenue, excluding digital advertising services, during the period divided by the monthly average number of Dealer Customers during the same period. Beginning with the three months ended June 30, 2022, Accu-Trade is included in its ARPD metric, which had an immaterial impact on ARPD for the annual and quarterly periods. No prior period has been recast as it would be impracticable to do so.

Dealer Customers. Dealer Customers represent dealerships using the Company’s 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. 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.

THANK YOU!



CARS