



Second Quarter 2022 Earnings

August 3, 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.

Continued Solid Results in Q2 2022 at High-End of Guidance



**Revenue
Growth**



**Continued
Product Adoption**



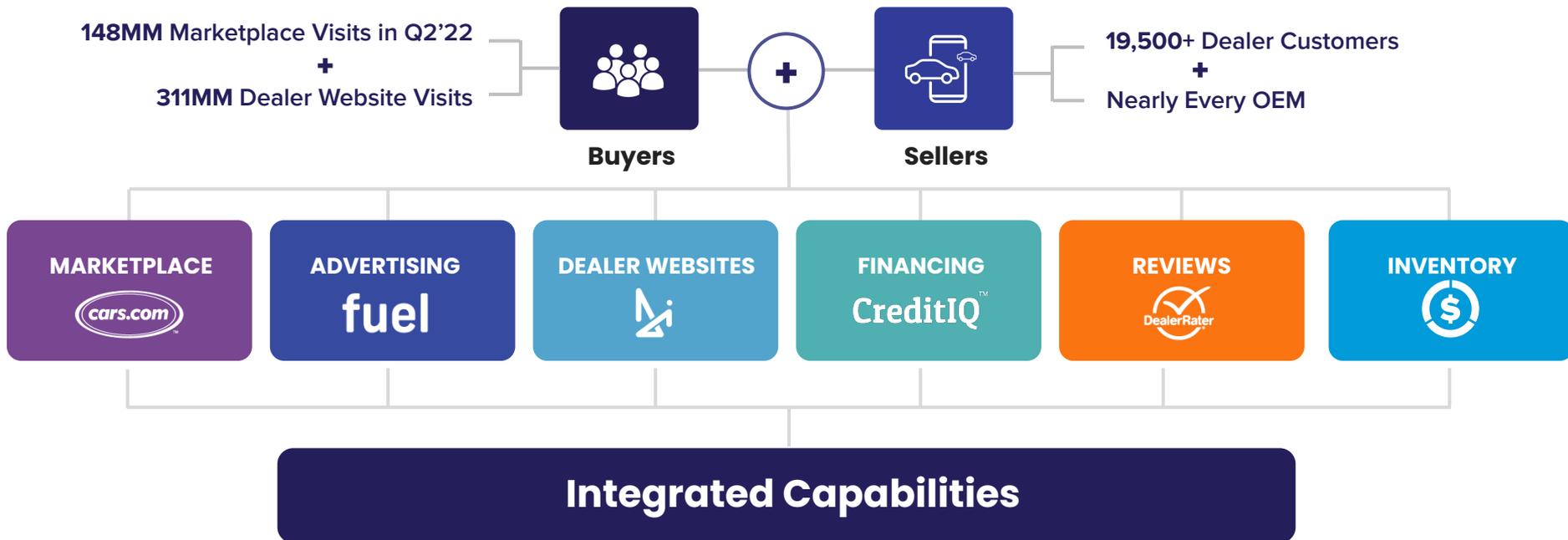
**Dealer Growth and
Customer Retention**

Consumer Demand Persists, Despite Increased Cost Of Ownership

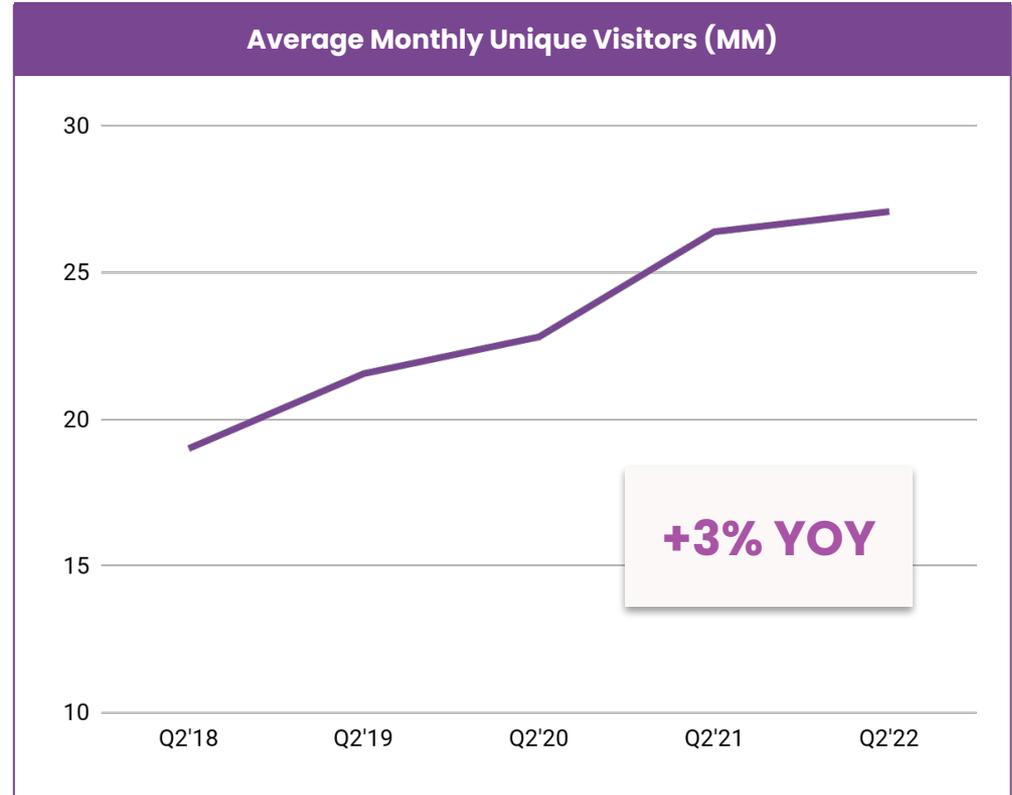
- Retail prices for new and used vehicles increased 24% and 17% YOY, respectively.
- Delayed OEM production continues, OEM incentives are down YOY.
- Users suggest they may delay their purchase due to macroeconomic factors.



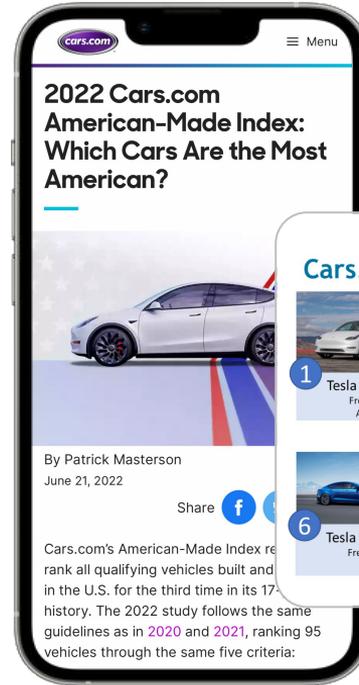
Advancing Our Platform Strategy with Relevant Solutions



**High-Quality Efficient
Audience Growth
Driven By Distinct
Editorial Content
and Strong Brand**



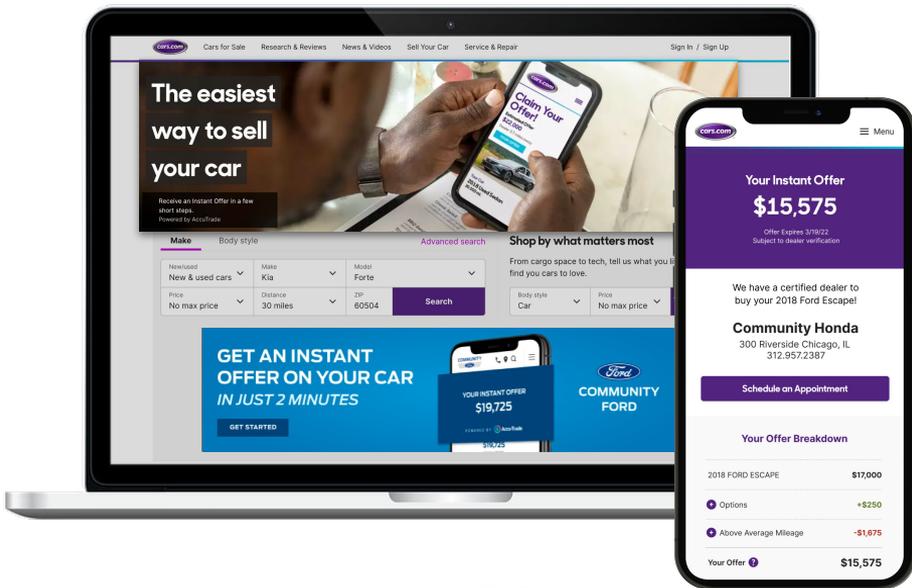
2022 American-Made Index Reinforces our Brand and SEO Authority



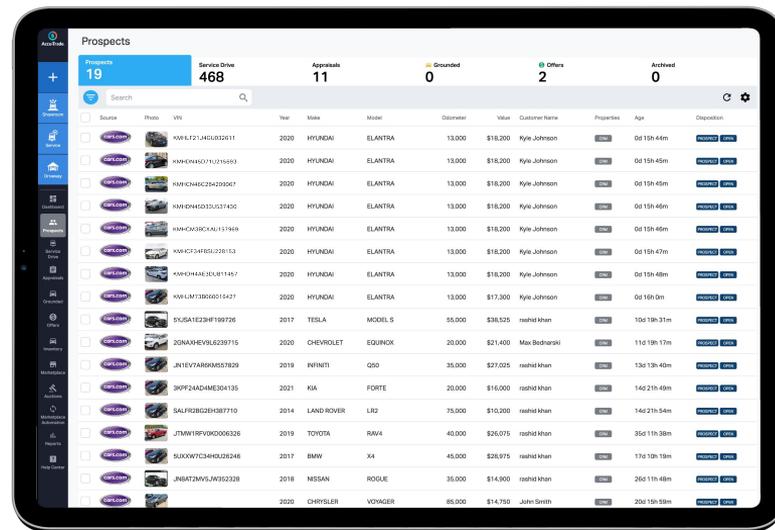
Cars.com's American-Made Index

- | | | | | |
|--|---------------------------------------|---|--------------------------------------|---------------------------------------|
| 1
Tesla Model Y
Fremont, Calif.
Austin, Texas | 2
Tesla Model 3
Fremont, Calif. | 3
Lincoln Corsair
Louisville, Ky. | 4
Honda Passport
Lincoln, Ala. | 5
Tesla Model X
Fremont, Calif. |
| 6
Tesla Model S
Fremont, Calif. | 7
Jeep Cherokee
Belvidere, Ill. | 8
Honda Ridgeline
Lincoln, Ala. | 9
Honda Odyssey
Lincoln, Ala. | 10
Honda Pilot
Lincoln, Ala. |

Demand for Accu-Trade Remains Robust, Instant Cash Offer Launches Nationwide



Instant Offer Marketplace Feature



Accu-Trade Valuation & Appraisal Solution

CARS Welcomes Brian Kramer

GM, EVP of Accu-Trade

- Deep industry experience, recognized thought leader in automotive
- 20 years with The Germain Automotive Group, more than a decade as General Manager transforming the company's wholesale operations
- 5 years as a General Manager for AutoNation
- Serves on Google Dealer Advisory Board



Accu-Trade Driving Efficiency, Profitability and Increased Vehicle Acquisition for Dealers

“I have acquired more than 130 vehicles in the past 60 days and have seen a 58% increase in Used Vehicle Margin since installing Accu-Trade.”



Jay Alvarez
Pre-Owned Acquisition Director
Rick Hendrick Chevrolet Buford

“Accu-Trade is my go-to appraisal source. It is our gold standard and enables faster vehicle appraisal consensus between consumers and my management team. The proof is in the results: our Gross Profit is up by about \$300 per unit.”



David Simches
Group Used Car Director
Crown Automotive Group

Continued Growth in Website Customers

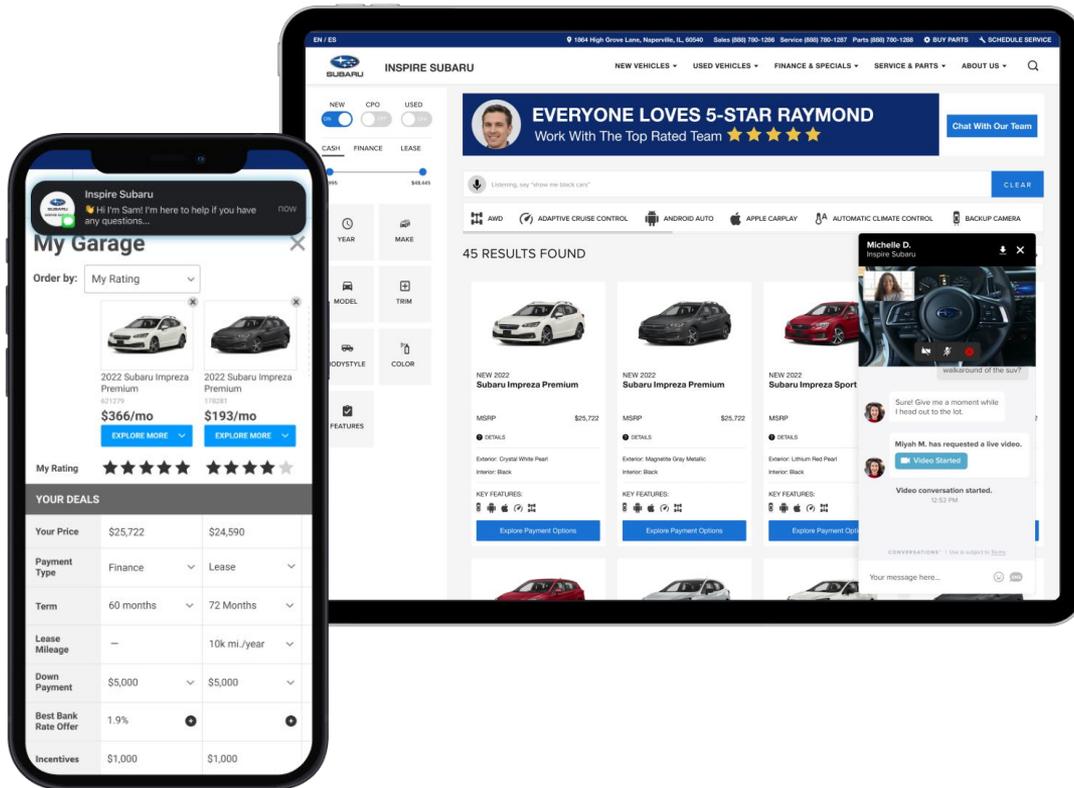
5,650

Total Website Customers

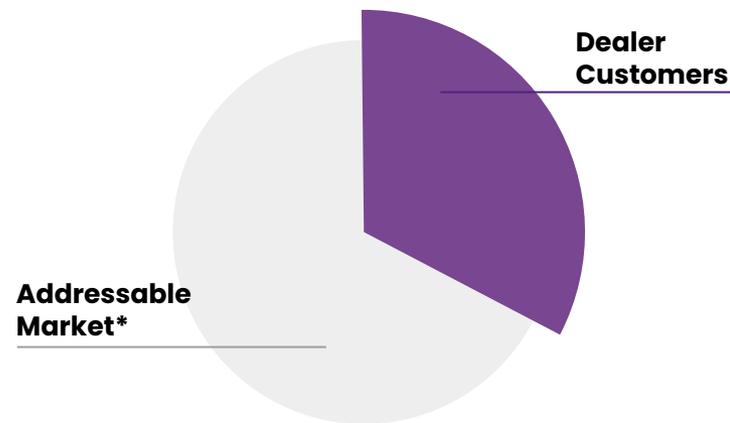
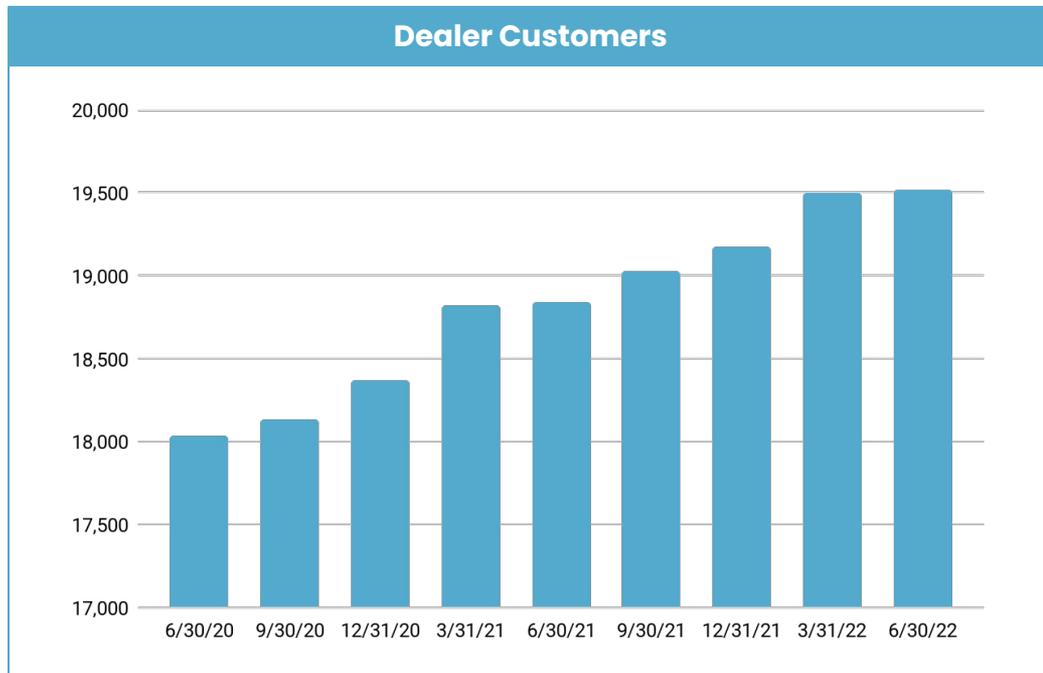




Subaru Names Dealer Inspire a Certified Website & Technology Provider for its 570+ U.S. Dealerships



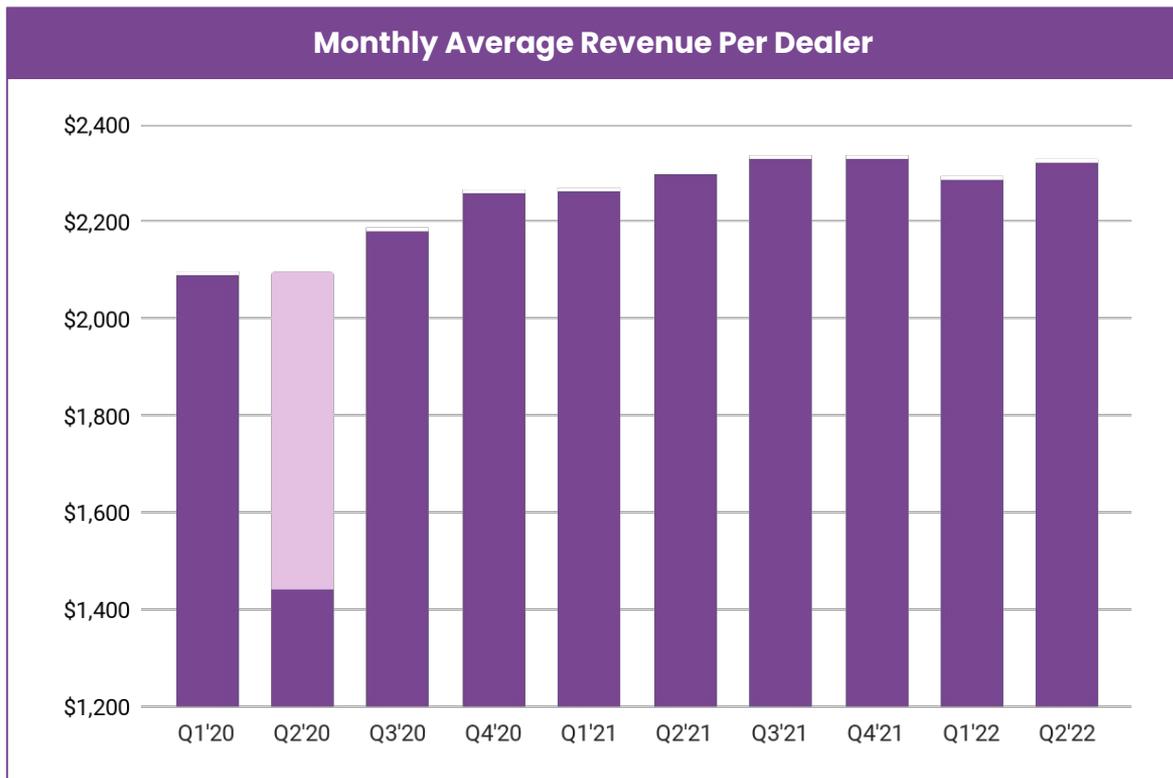
Dealer Customers +672 YOY, Significant Headroom for Continued Growth



Approximately 40K Dealers in the U.S*.

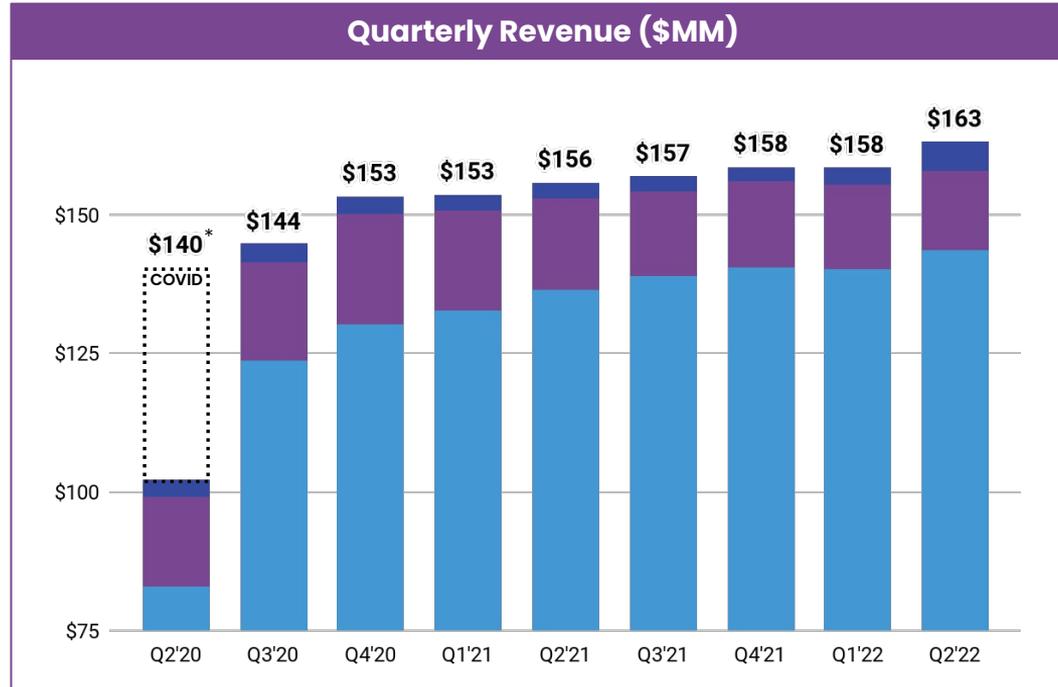
ARPD Growth Driven by Solutions

+1%
Q2 YOY Growth



ARPD excludes revenue from digital advertising services. Q2 2020 excludes the impact of COVID credits (shown in light purple).

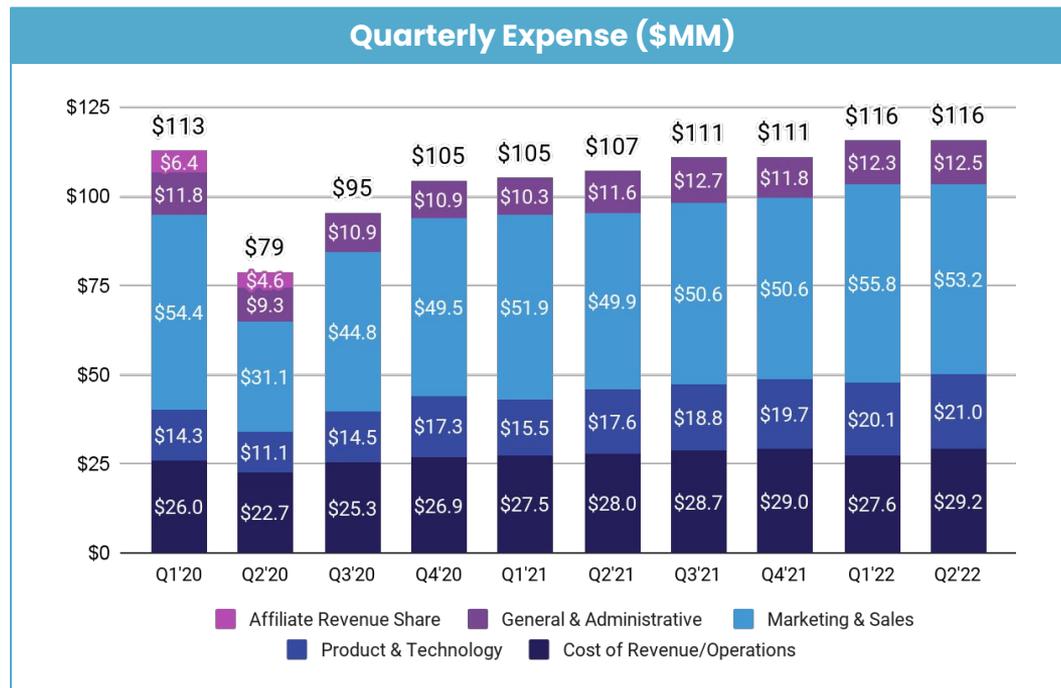
Revenue Growth Continues



Other OEM/National Dealer

*Q2'20 includes COVID credits for customers totaling \$38MM

Adjusted Operating Expenses

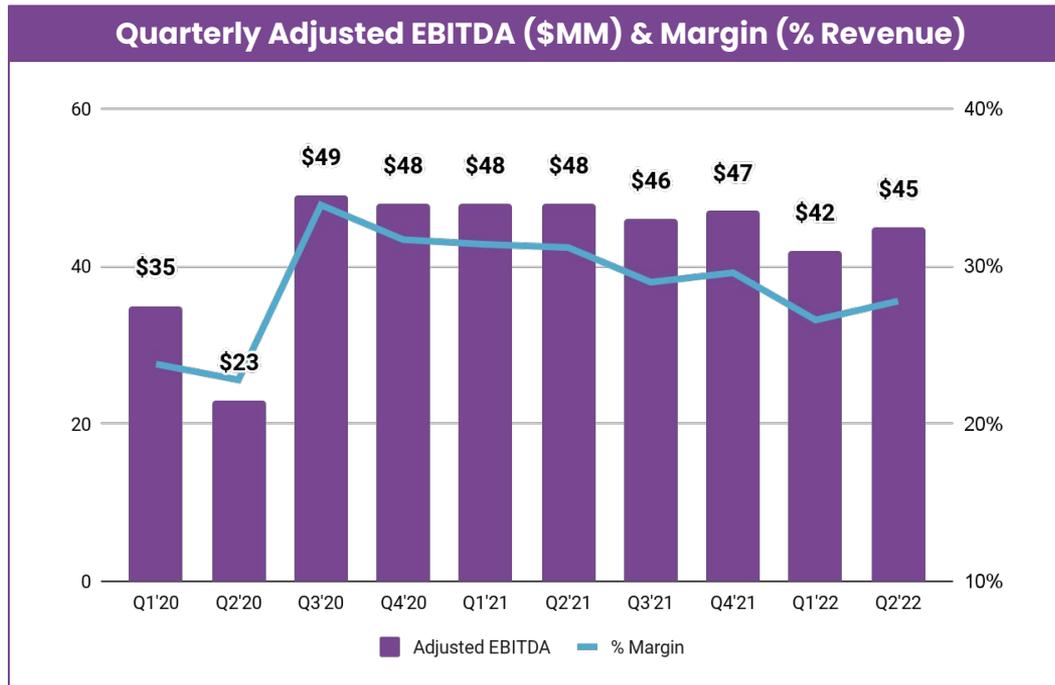


Drivers of YOY Change

- YOY increase in Product and Technology expense driven primarily by higher compensation and consulting costs related to the Accu-Trade and CreditIQ acquisitions.
- YOY increase in Marketing and Sales investments to help drive traffic generation.

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.

Q2 Adjusted EBITDA at the High-End of Guidance



Adjusted EBITDA Drivers

- Q2 reflects continued investments across our organization to support growth



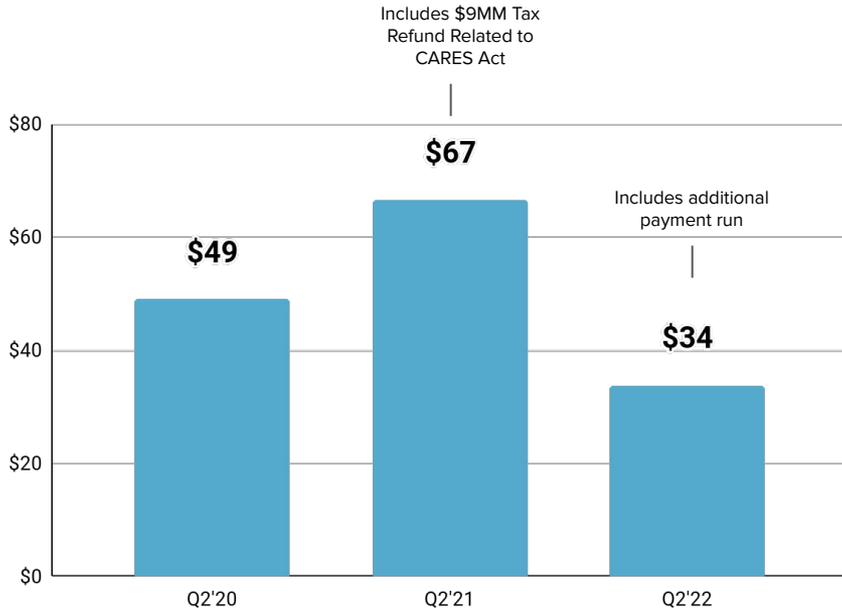
Q2 2022 Key Operating Metrics

	Q2 2022	Q2 2021
AVERAGE MONTHLY UNIQUE VISITORS	27.1 MM	26.4 MM
TRAFFIC (VISITS)	148.0 MM	158.4 MM
MONTHLY ARPD ¹	\$2,326	\$2,299
DEALER CUSTOMERS	19,517	18,845

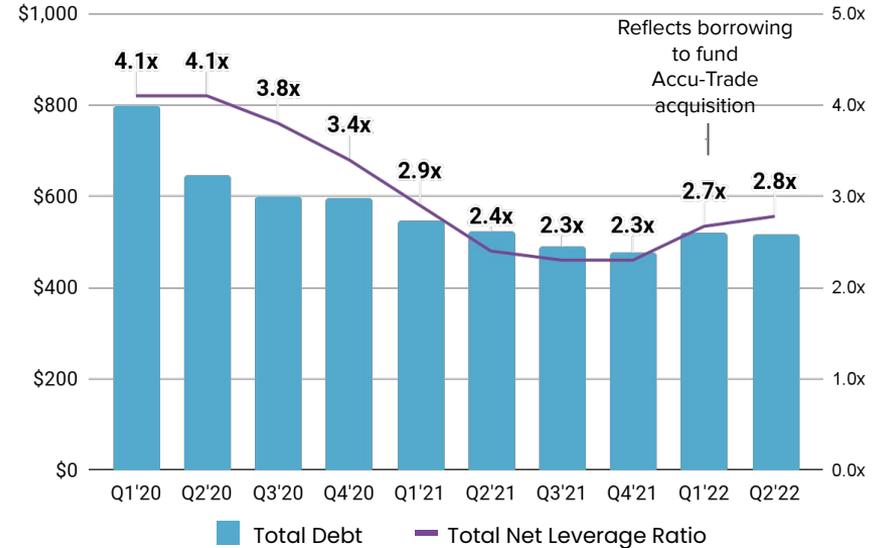
¹ARPD excludes revenue from digital advertising services.

Robust Cash Flow, Solid Balance Sheet

YTD Free Cash Flow Trend (\$MM)



Total Debt (\$MM) & Net Leverage Ratio





Q3 2022 Outlook

- Q3 Revenue: \$163.5 to \$165.5 million
- Q3 Adjusted EBITDA margin: 29% to 31%

Second Half 2022 Outlook

- We expect 2H revenue growth of 6% to 8% YOY
- Reflects continued acceleration of revenue growth, driven by our execution of our integrated solutions strategy





Q&A



Appendix

Non-GAAP Reconciliations (unaudited and in thousands)



	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Reconciliation of Net income to Adjusted EBITDA				
Net income	\$ 5,545	\$ 5,966	\$ 9,885	\$ 11,244
Interest expense, net	9,047	9,839	18,377	19,840
Income tax expense (benefit)	739	(189)	(1,782)	1,117
Depreciation and amortization	23,001	25,298	47,554	50,978
Stock-based compensation	6,581	6,029	11,998	11,137
Write-off of long-lived assets and other	15	94	(31)	79
Severance, transformation and other exit costs	1,419	927	1,811	1,707
Transaction-related items	(1,043)	512	(486)	512
Adjusted EBITDA	\$ 45,304	\$ 48,476	\$ 87,326	\$ 96,614

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

Net cash provided by operating activities	\$ 11,922	\$ 29,257	\$ 42,280	\$ 79,619
Purchase of property and equipment	(4,547)	(6,876)	(8,555)	(13,095)
Free cash flow	\$ 7,375	\$ 22,381	\$ 33,725	\$ 66,524

Non-GAAP Reconciliations (unaudited and in thousands)



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

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 29,504	\$ —	\$ (324)	\$ 29,180
Product and technology	23,117	—	(2,092)	21,025
Marketing and sales	54,655	—	(1,467)	53,188
General and administrative	17,211	(2,027)	(2,698)	12,486
Depreciation and amortization	23,001	—	—	23,001
Total operating expenses	\$ 147,488	\$ (2,027)	\$ (6,581)	\$ 138,880

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

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

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 28,219	\$ —	\$ (189)	\$ 28,030
Product and technology	19,434	—	(1,795)	17,639
Marketing and sales	51,309	—	(1,448)	49,861
General and administrative	15,615	(1,456)	(2,597)	11,562
Depreciation and amortization	25,298	—	—	25,298
Total operating expenses	\$ 139,875	\$ (1,456)	\$ (6,029)	\$ 132,390

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

Non-GAAP Reconciliations (unaudited and in thousands)



Reconciliation of Operating expenses to Adjusted operating expenses for the Six Months Ended June 30, 2022:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 57,256	\$ —	\$ (519)	\$ 56,737
Product and technology	44,424	—	(3,332)	41,092
Marketing and sales	111,749	—	(2,772)	108,977
General and administrative	33,771	(3,443)	(5,375)	24,953
Depreciation and amortization	47,554	—	—	47,554
Total operating expenses	\$ 294,754	\$ (3,443)	\$ (11,998)	\$ 279,313

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

Reconciliation of Operating expenses to Adjusted operating expenses for the Six Months Ended June 30, 2021:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 56,050	\$ —	\$ (543)	\$ 55,507
Product and technology	36,194	—	(3,076)	33,118
Marketing and sales	104,520	—	(2,761)	101,759
General and administrative	28,881	(2,218)	(4,757)	21,906
Depreciation and amortization	50,978	—	—	50,978
Total operating expenses	\$ 276,623	\$ (2,218)	\$ (11,137)	\$ 263,268

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



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.

CARS



THANK YOU!