



Fourth Quarter and Full Year 2022 Earnings

February 23, 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 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.

Solid Full Year 2022 Results



**Continued
Dealer Growth and
Product Adoption**

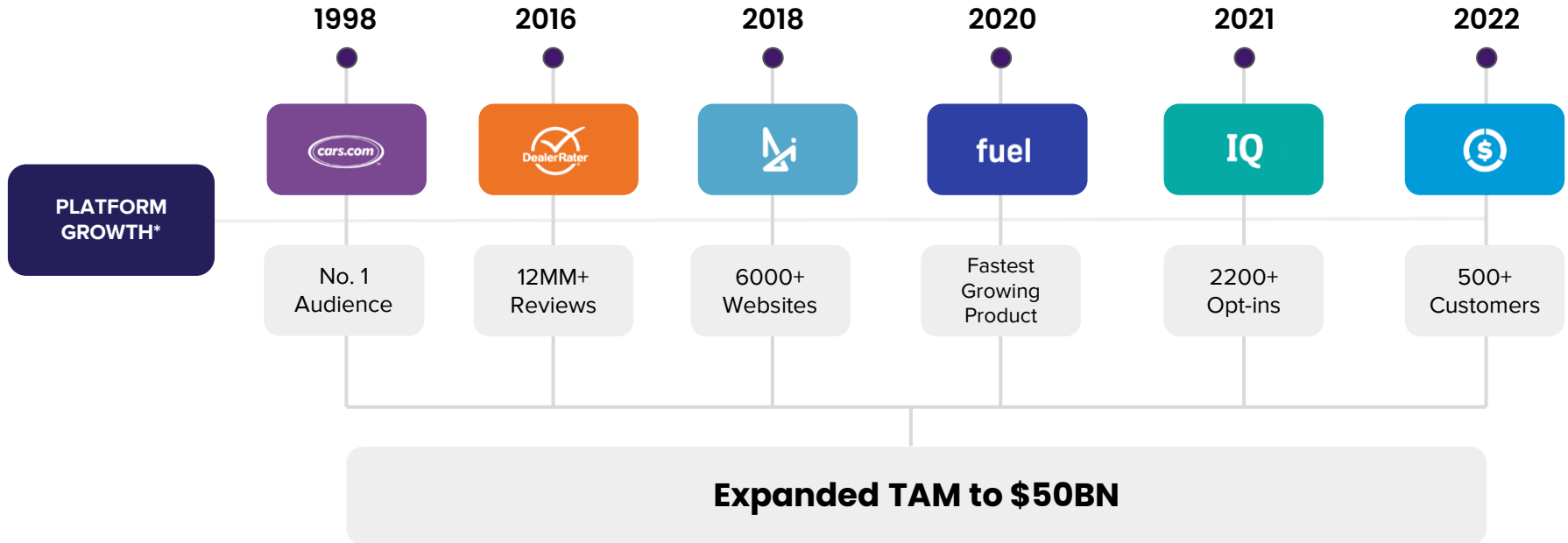


**Accelerated QoQ
Revenue Growth,
+5% YOY (full year)**



**Strong Adjusted
EBITDA,
29% Margin**

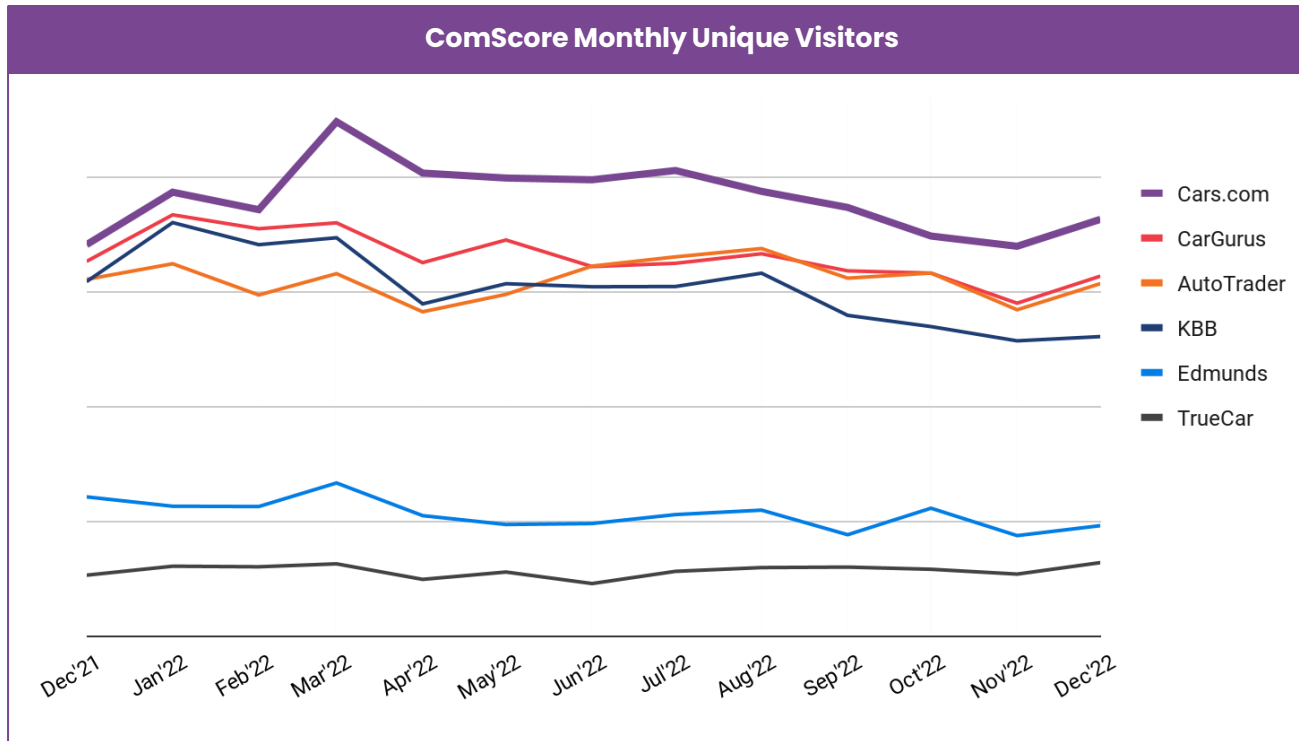
25 Years of Solid Execution



*Platform Growth as of Dec. 31, 2022; TAM Growth from 2020 Borrell Automotive Advertising Outlook and internal analysis.

No. 1 in ComScore UV Ranking Throughout 2022

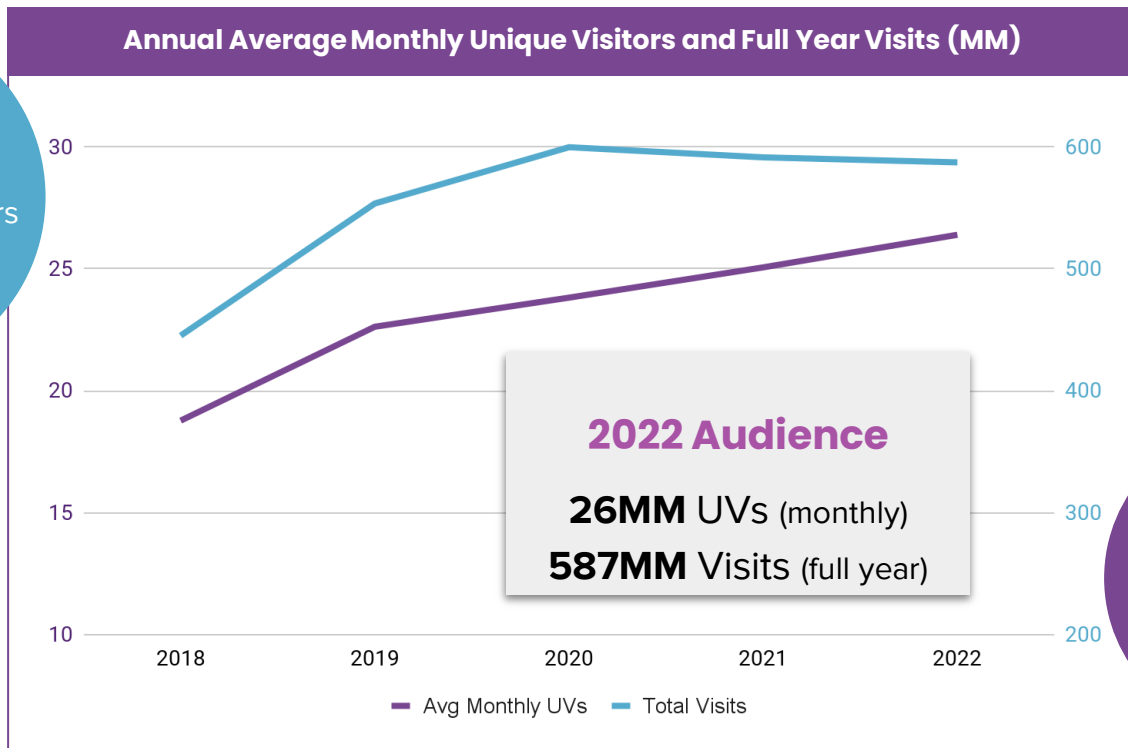
Sustainable Traffic Leadership



Cars.com includes Total Network Visitors, note that it does not include visitors to Dealer Inspire websites. Comscore estimate volume and trend may deviate from internally measured results; estimates deduplicate users across devices and platforms

Massive, High Intent, In-Market Audience

85%
of Cars.com shoppers
plan to purchase
within six months



50%
of Cars.com
shoppers purchase
within 30 days

Source: Cars.com Q4 2022 Consumer Metrics Survey

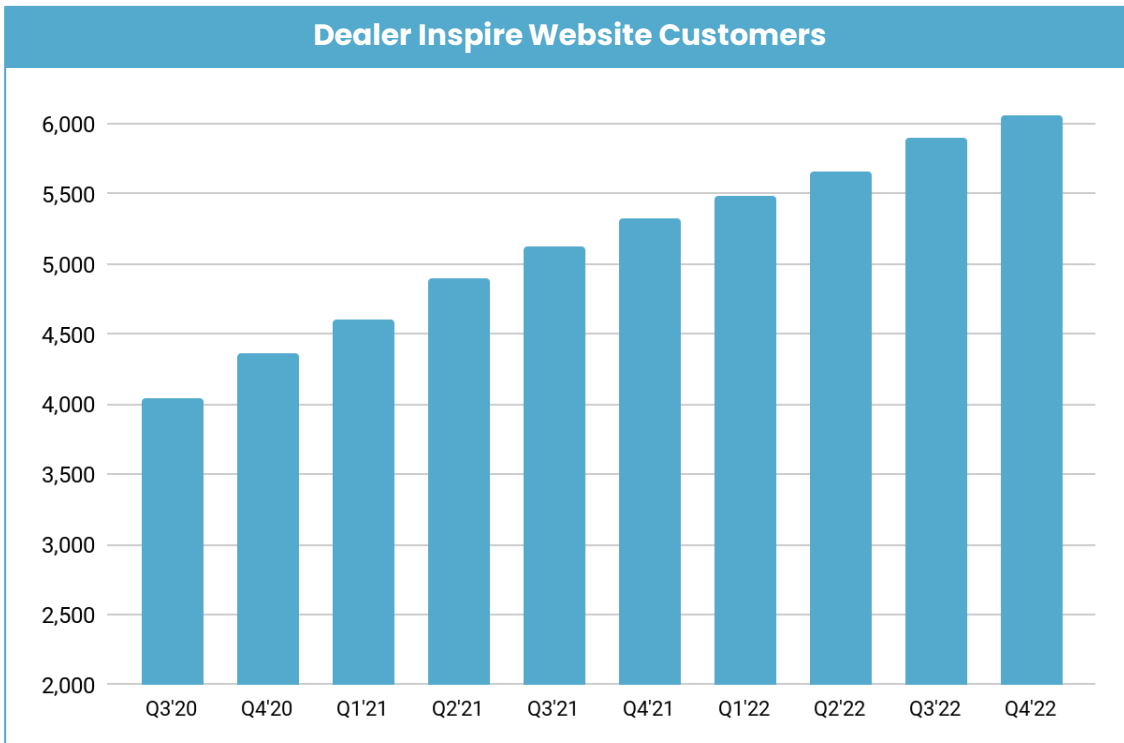
Continued Growth in Website Customers

+700

Website Customers YOY

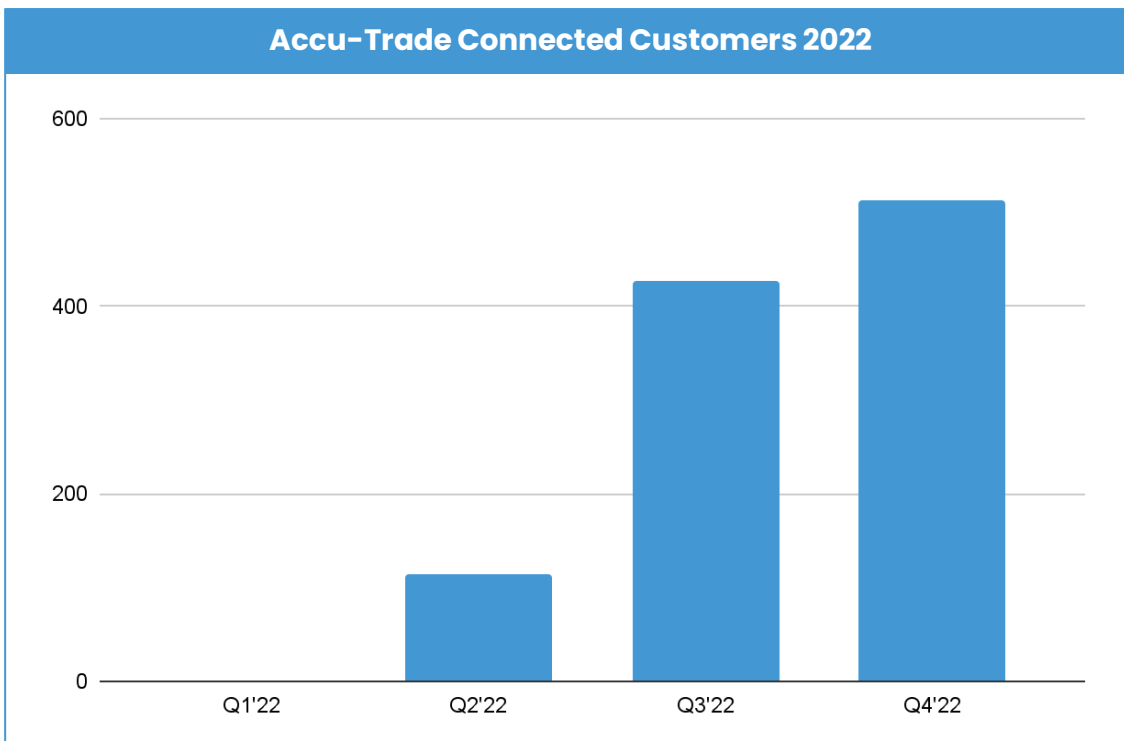
~6,050

Total Website Customers



Demand for Accu-Trade Remains Robust

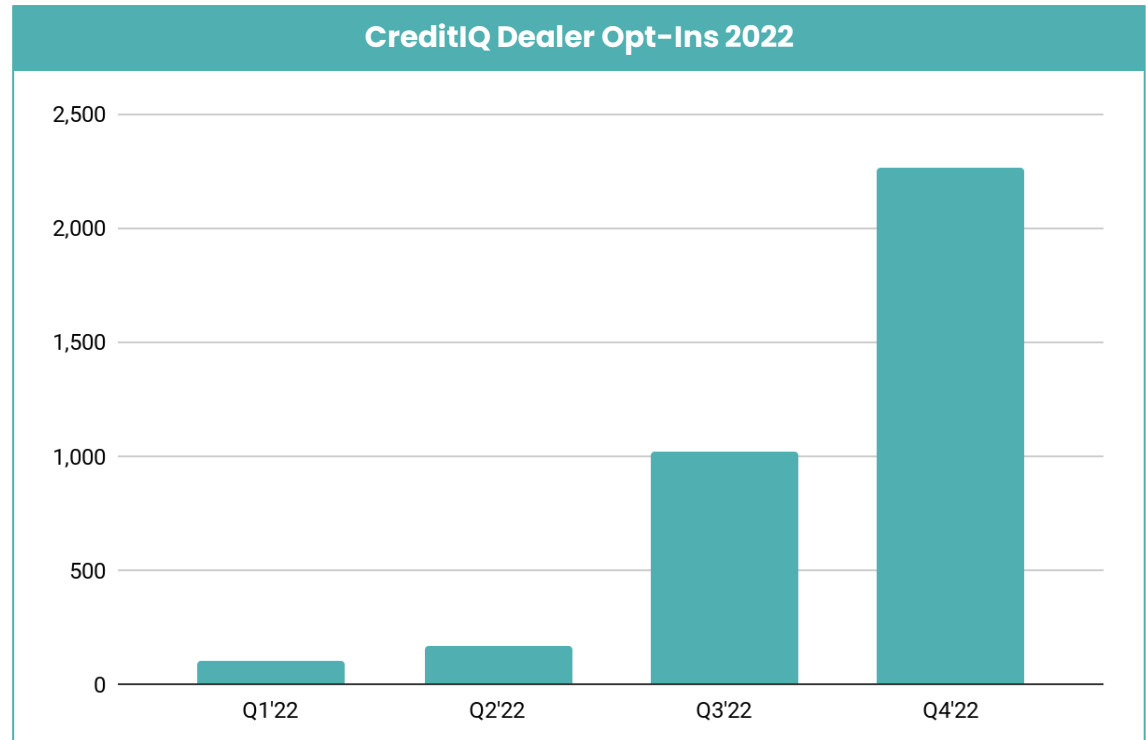
- 500+ Accu-Trade Connected Customers
- 600,000+ appraised vehicles by dealers
- 80,000+ Instant Offers generated for consumers



Dealer Adoption of CreditIQ Continues

2200+

Dealer Opt-Ins for Instant Financing since nationwide launch in September 2022

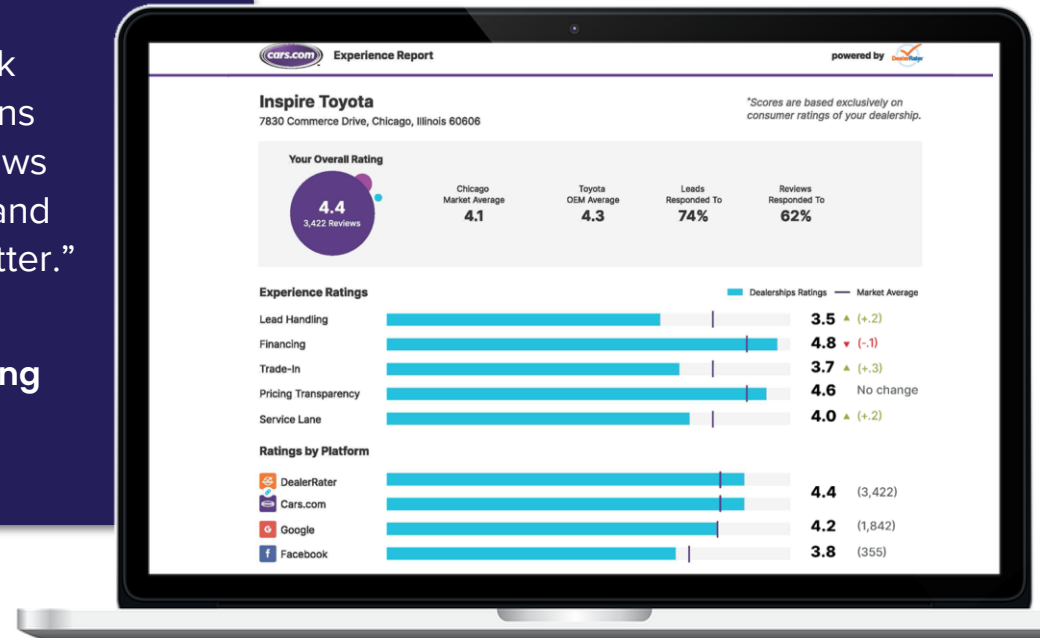


New DealerRater 'Experience Report' Provides Personalized Insights for Dealers Based on Reviews

“The Experience Report gives a quick but critical snapshot of key dimensions of our consumer experience and allows us to identify areas of improvement and take action to make our business better.”



**Jack Weinzierl | VP Marketing
Boardwalk Auto Group**

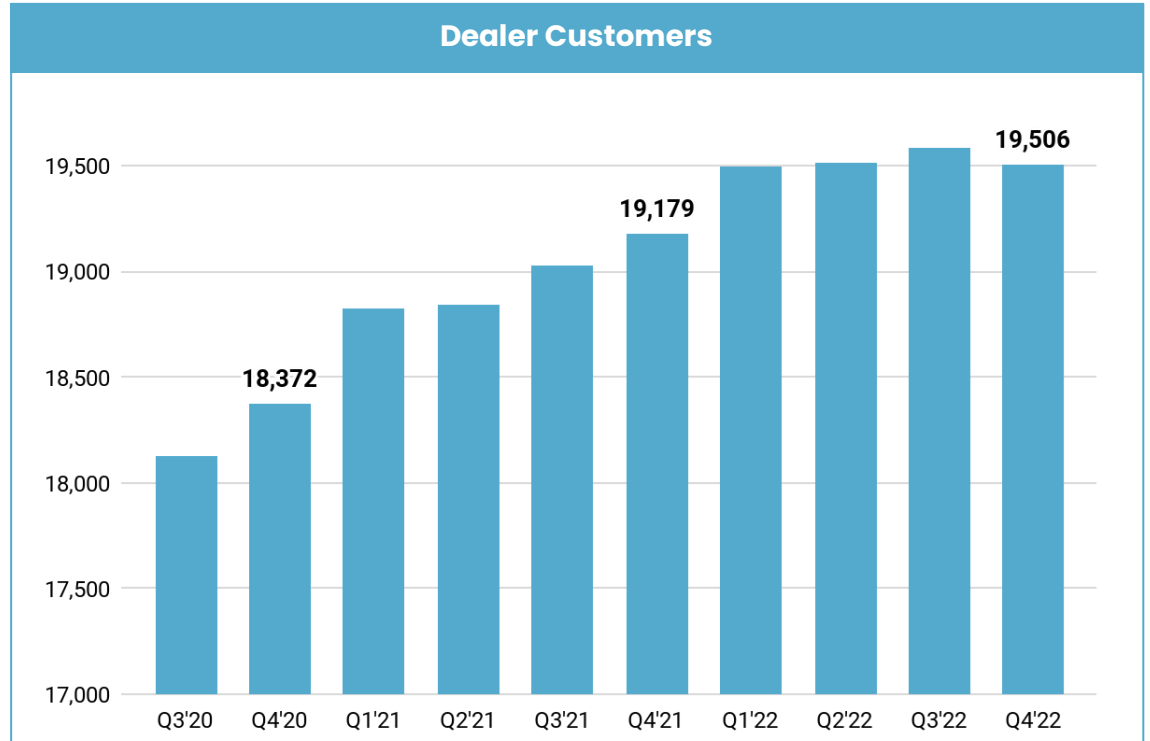


*Sample Experience Report

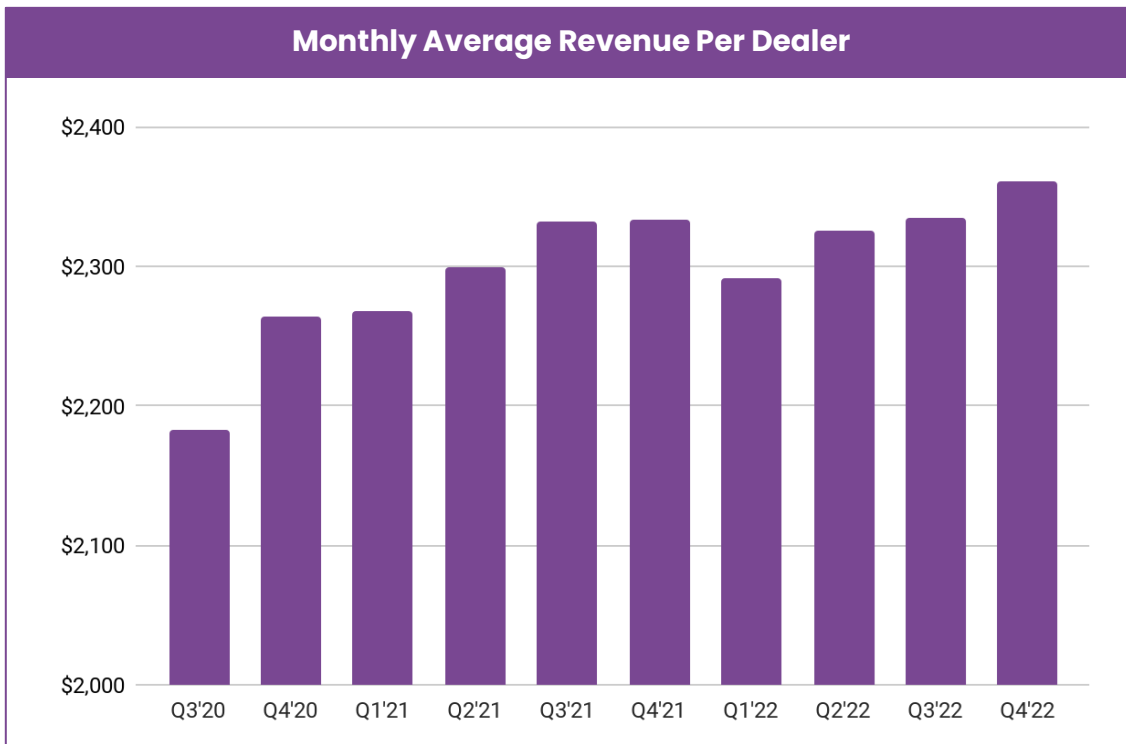
Full Year Dealer Customer Growth

+327

YOY Growth



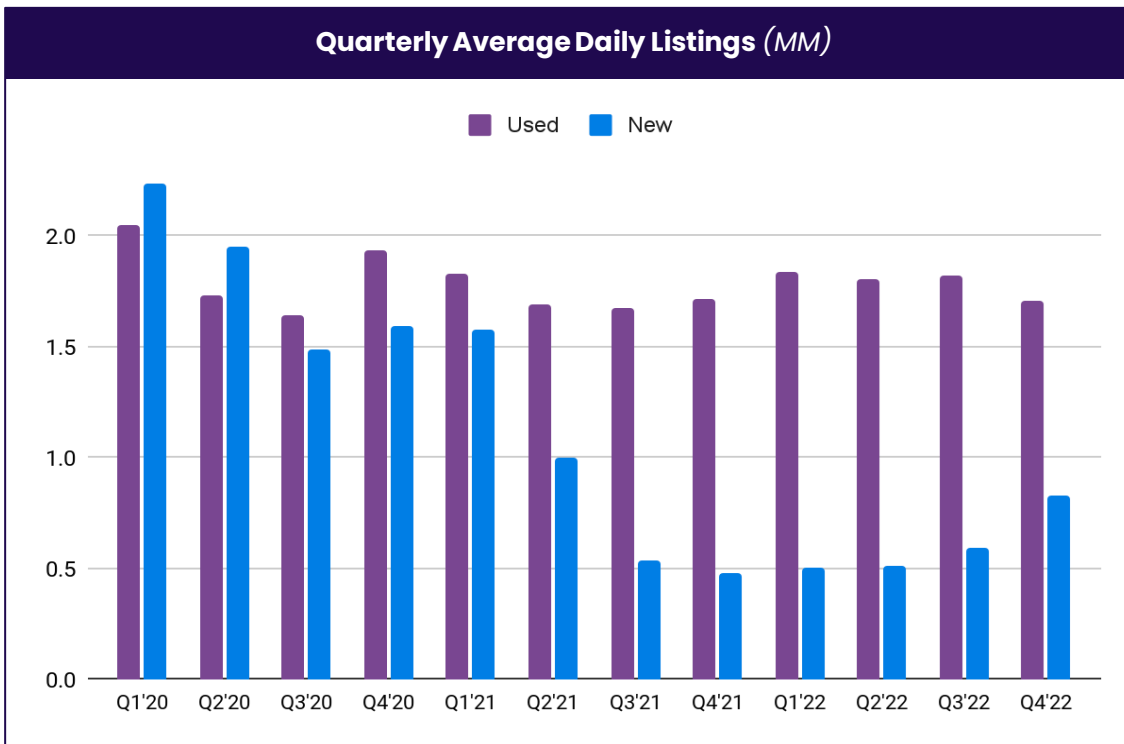
ARPD Growth, Driven by Strong Value Delivery and Growth in Solutions



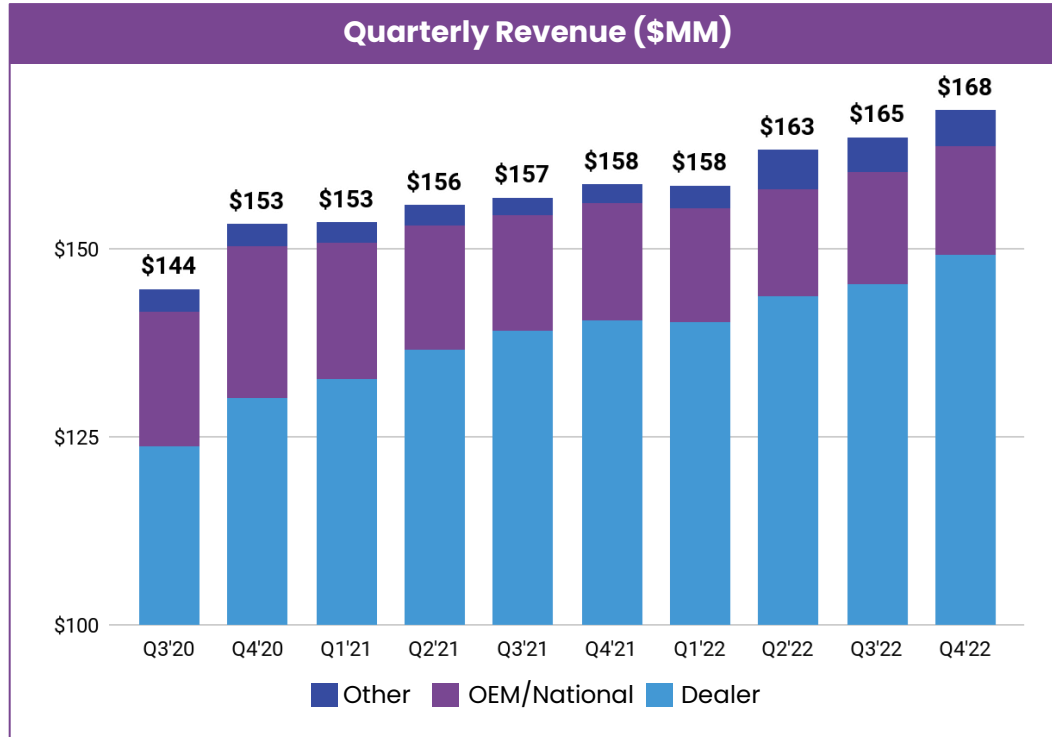
ARPD excludes revenue from Dealer Inpire digital advertising services.

New-Vehicle Inventory Slowly Recovering

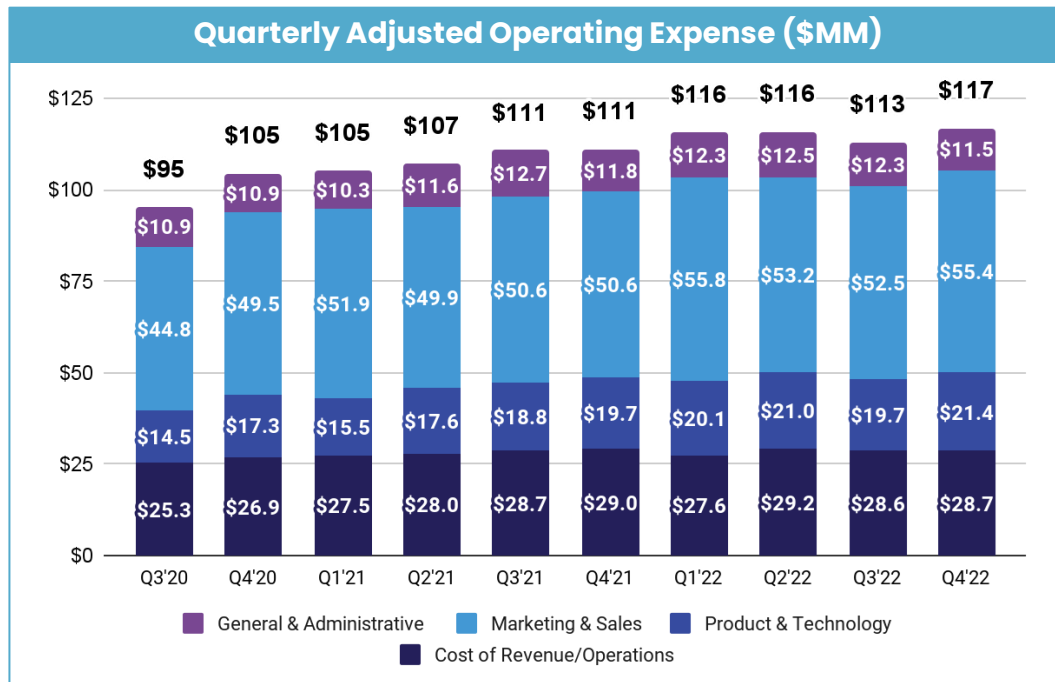
- 60+ anticipated new-car releases in 2023
- Although well below historical levels, new-vehicle daily inventory listings on Cars.com up 74% YOY, and the average price was up 6%
- Used-car market remains healthy



Revenue Growth Continues



Disciplined Management of Operating Expenses

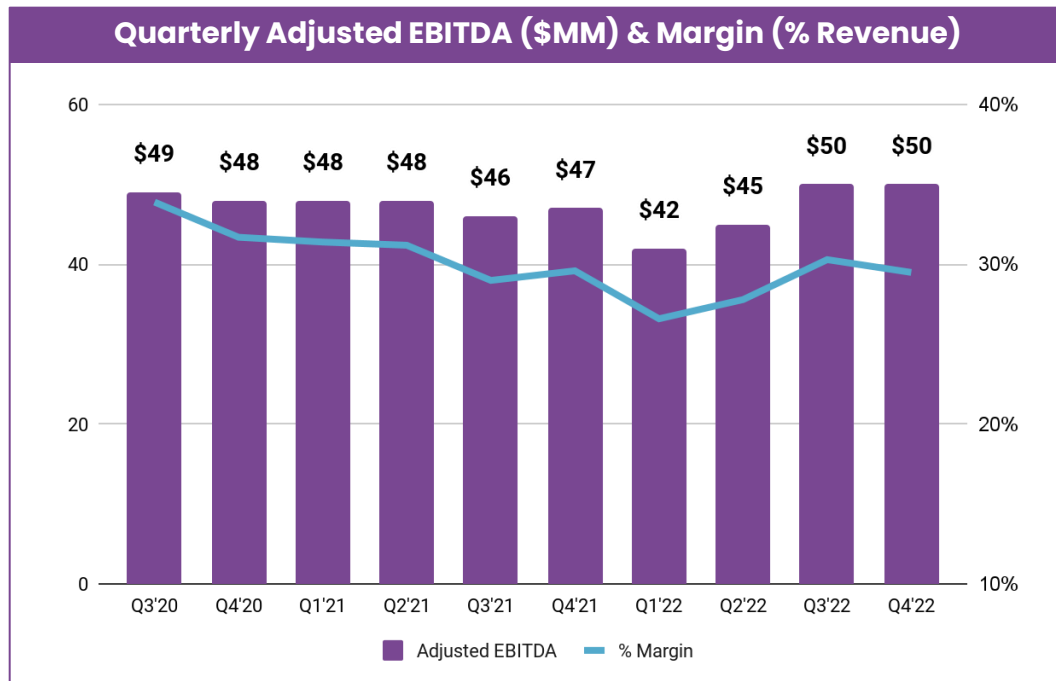


Drivers of Changes in Expense

- YOY increase in Marketing and Sales driven by sales & support staff to support new product launches, higher travel and bad debt expense
- YOY increase in Product and Technology driven by integration and launch of CreditIQ and Accu-Trade products

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.

Strong Adjusted EBITDA





Growth Across All Key Operating Metrics

	Q4 2022	Q4 2021
AVERAGE MONTHLY UNIQUE VISITORS	24.6 MM	23.6 MM
TRAFFIC (VISITS)	140.4 MM	134.0 MM
MONTHLY ARPD ¹	\$2,361	\$2,333
DEALER CUSTOMERS	19,506	19,179

¹ARPD excludes revenue from Dealer Inspire digital advertising services.



Full Year Revenue Up 5% YOY

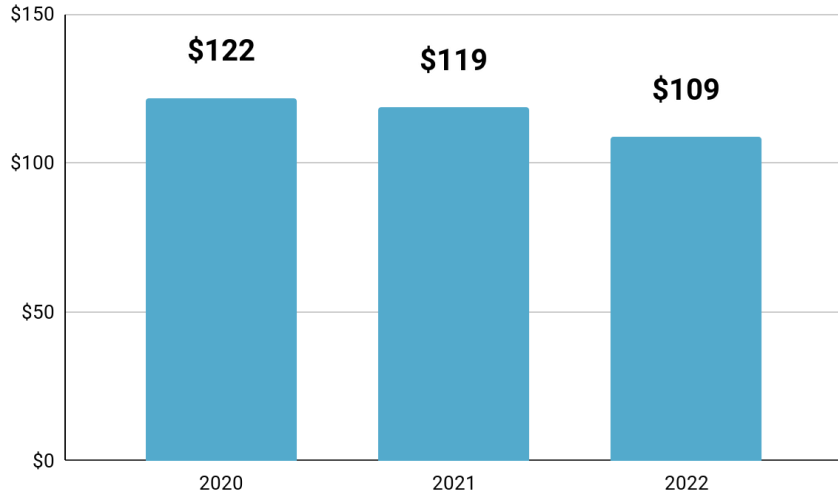
(\$MM)	2022	2021
REVENUE	\$653.9	\$623.7
DEALER REVENUE	\$579.2	\$549.9
OPERATING EXPENSES	\$587.8	\$575.3
ADJUSTED OPERATING EXPENSES	\$555.9	\$536.3

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.

Robust Cash Flow, Solid Balance Sheet

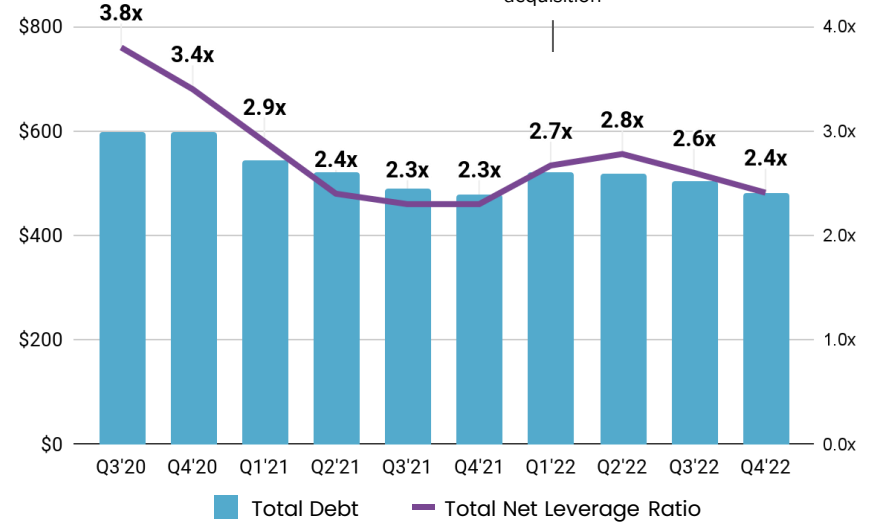
YTD Free Cash Flow Trend (\$MM)

Includes \$9MM Tax Refund Related to CARES Act



Total Debt (\$MM) & Net Leverage Ratio

Reflects borrowing to fund Accu-Trade acquisition



2023 Outlook

Q1 2023 Outlook

- Q1 Revenue: \$166 to \$168 million
 - Represents 5% to 6% YOY growth
- Q1 Adjusted EBITDA margin: 25% to 27%

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%
- Capital Expenditures: \$22 to \$25 million
- Cash Taxes: ~\$10 million

Our outlook assumes that lower inventory levels will persist throughout 2023





Q&A



Appendix

Non-GAAP Reconciliations (unaudited and in thousands)



	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Reconciliation of Net income to Adjusted EBITDA				
Net income (loss)	\$ 10,262	\$ (2,884)	\$ 17,206	\$ 10,791
Interest expense, net	8,442	9,367	35,320	38,729
Income tax expense (benefit)	6,200	(2,565)	5,370	(1,308)
Depreciation and amortization	23,706	25,402	94,394	101,932
Stock-based compensation	5,390	5,435	22,966	22,195
Write-off of long-lived assets and other	929	499	999	1,387
Severance, transformation and other exit costs	960	748	4,329	3,528
Transaction-related items	(6,370)	10,814	6,144	11,948
Adjusted EBITDA	\$ 49,519	\$ 46,816	\$ 186,728	\$ 189,202

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

Net cash provided by operating activities	\$ 37,220	\$ 21,777	\$ 128,511	\$ 138,003
Purchase of property and equipment	(5,315)	(1,313)	(19,714)	(19,192)
Free cash flow	\$ 31,905	\$ 20,464	\$ 108,797	\$ 118,811

Non-GAAP Reconciliations (unaudited and in thousands)



Reconciliation of Operating expenses to Adjusted operating expenses for the Three Months Ended December 31, 2022:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 28,875	\$ —	\$ (224)	\$ 28,651
Product and technology	23,166	—	(1,765)	21,401
Marketing and sales	56,515	—	(1,164)	55,351
General and administrative	16,128	(2,373)	(2,237)	11,518
Depreciation and amortization	23,706	—	—	23,706
Total operating expenses	\$ 148,390	\$ (2,373)	\$ (5,390)	\$ 140,627
Total nonoperating expense, net	\$ (3,349)	\$ (5,229)	\$ —	\$ (8,578)

⁽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 December 31, 2021:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 29,222	\$ —	\$ (179)	\$ 29,043
Product and technology	20,990	—	(1,261)	19,729
Marketing and sales	51,867	—	(1,267)	50,600
General and administrative	26,762	(12,197)	(2,728)	11,837
Depreciation and amortization	25,402	—	—	25,402
Total operating expenses	\$ 154,243	\$ (12,197)	\$ (5,435)	\$ 136,611
Total nonoperating expense, net	\$ (9,511)	\$ (136)	\$ —	\$ (9,647)

⁽¹⁾ Includes transaction related costs, severance, transformation and other exit 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 Year Ended December 31, 2022:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 114,959	\$ —	\$ (983)	\$ 113,976
Product and technology	89,015	—	(6,851)	82,164
Marketing and sales	221,879	—	(5,068)	216,811
General and administrative	67,593	(8,943)	(10,064)	48,586
Depreciation and amortization	94,394	—	—	94,394
Total operating expenses	\$ 587,840	\$ (8,943)	\$ (22,966)	\$ 555,931
Total nonoperating expense, net	\$ (43,460)	\$ 7,946	\$ —	\$ (35,514)

⁽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 Year Ended December 31, 2021:

	As Reported	Adjustments ⁽¹⁾	Stock-Based Compensation	As Adjusted
Cost of revenue and operations	\$ 114,200	\$ —	\$ (909)	\$ 113,291
Product and technology	77,316	—	(5,660)	71,656
Marketing and sales	208,335	—	(5,402)	202,933
General and administrative	73,562	(16,874)	(10,224)	46,464
Depreciation and amortization	101,932	—	—	101,932
Total operating expenses	\$ 575,345	\$ (16,874)	\$ (22,195)	\$ 536,276
Total nonoperating expense, net	\$ (38,855)	\$ (11)	\$ —	\$ (38,866)

⁽¹⁾Includes transaction related costs, 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