

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	Full Year 2022	Full Year 2023	Three Months Ended <i>(unaudited)</i>	
							March 31, 2024	June 30, 2024
Revenue: ⁽¹⁾								
Dealer	\$ 457,651	\$ 477,095	\$ 463,018	\$ 549,923	\$ 579,222	\$ 621,661	\$ 161,815	\$ 159,843
OEM and National	105,381	80,774	73,176	65,085	58,557	55,904	15,307	15,828
Other	16,156	14,442	11,309	8,675	16,097	11,618	3,054	3,223
Retail	579,188	572,311	547,503	623,683	653,876	689,183	180,176	178,894
Wholesale	82,939	34,371	—	—	—	—	—	—
Total revenue	662,127	606,682	547,503	623,683	653,876	689,183	180,176	178,894
<i>Revenue YoY % Growth</i>	N/A	(8%)	(10%)	14%	5%	5%	8%	6%
Operating expenses:								
Cost of revenue and operations	90,433	99,549	101,536	114,200	114,959	122,205	29,962	31,030
Product and technology	68,789	62,859	60,664	77,316	89,015	99,584	28,085	27,583
Marketing and sales	226,740	217,432	183,448	208,335	221,879	235,471	59,163	60,213
General and administrative	72,943	73,772	59,051	73,562	67,593	76,807	22,857	22,980
Affiliate revenue share	15,488	20,790	10,970	—	—	—	—	—
Depreciation and amortization	103,810	116,877	113,276	101,932	94,394	101,000	27,365	27,571
Goodwill and intangible asset impairment	—	461,463	905,885	—	—	—	—	—
Total operating expenses	578,203	1,052,742	1,434,830	575,345	587,840	635,067	167,432	169,377
Operating income (loss)	83,924	(446,060)	(887,327)	48,338	66,036	54,116	12,744	9,517
Nonoperating expense:								
Interest expense, net	(27,717)	(30,774)	(37,856)	(38,729)	(35,320)	(32,425)	(8,321)	(8,109)
Other (expense) income, net	722	1,555	(11,226)	(126)	(8,140)	(3,586)	(3,603)	14,990
Total nonoperating expense, net	(26,995)	(29,219)	(49,082)	(38,855)	(43,460)	(36,011)	(11,924)	6,881
Income (loss) before income taxes	56,929	(475,279)	(936,409)	9,483	22,576	18,105	820	16,398
Income tax expense (benefit) ⁽²⁾	18,120	(29,955)	(147,303)	(1,308)	5,370	(100,337)	36	5,017
Net income (loss) ⁽²⁾	\$ 38,809	\$ (445,324)	\$ (789,106)	\$ 10,791	\$ 17,206	\$ 118,442	\$ 784	\$ 11,381
Weighted-average common shares outstanding:								
Basic	70,318	66,995	67,241	68,727	68,215	66,742	66,318	66,534
Diluted	70,547	66,995	67,241	71,337	69,649	68,227	67,291	67,821
Earnings (loss) per share:								
Basic ⁽²⁾	\$ 0.55	\$ (6.65)	\$ (11.74)	\$ 0.16	\$ 0.25	\$ 1.77	\$ 0.01	\$ 0.17
Diluted ⁽²⁾	0.55	(6.65)	(11.74)	0.15	0.25	1.74	0.01	0.17

Non-GAAP Reconciliations <i>(unaudited and in thousands)</i>	Full Year 2018	Full Year 2019	Full Year 2020	Full Year 2021	Full Year 2022	Full Year 2023	Three Months Ended <i>(unaudited)</i>	
							March 31, 2024	June 30, 2024
Reconciliation of Net income (loss) to Adjusted EBITDA								
Net income (loss) ⁽²⁾	\$ 38,809	\$ (445,324)	\$ (789,106)	\$ 10,791	\$ 17,206	\$ 118,442	\$ 784	\$ 11,381
Interest expense, net	27,717	30,774	37,856	38,729	35,320	32,425	8,321	8,109
Income tax expense (benefit) ⁽²⁾	18,120	(29,955)	(147,303)	(1,308)	5,370	(100,337)	36	5,017
Depreciation and amortization	103,810	116,877	113,276	101,932	94,394	101,000	27,365	27,571
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	22,966	30,127	7,950	8,813
Non-operating foreign exchange (income) expense	—	—	—	—	—	(2,072)	—	—
Write-off of long-lived assets and other	968	706	9,700	1,387	999	1,027	—	—
Severance, transformation and other exit costs	5,771	10,588	7,919	3,528	4,329	3,574	—	—
Transaction-related and other one-time items	13,182	5,582	2,205	11,948	6,144	10,698	7,169	(10,853)
Costs associated with the stockholder activist campaign	9,806	8,825	—	—	—	—	—	—
Non-operating foreign exchange expense	—	—	—	—	—	—	1,048	387
Adjusted EBITDA ⁽³⁾	\$ 227,606	\$ 167,272	\$ 155,882	\$ 189,202	\$ 186,728	\$ 194,884	\$ 52,673	\$ 50,425
<i>Adj. EBITDA as a % of revenue</i>	34%	28%	28%	30%	29%	28%	29%	28%

Reconciliation of Net income to Adjusted Net income								
Net income	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 784	\$ 11,381
Stock-based compensation, including related payroll tax expense	—	—	—	—	—	—	7,950	8,813
Amortization of intangible assets	—	—	—	—	—	—	21,005	21,209
Transaction-related items	—	—	—	—	—	—	6,143	(12,668)
Non-operating foreign exchange expense	—	—	—	—	—	—	1,048	387
Other one-time items	—	—	—	—	—	—	1,026	1,815
Valuation Allowance ⁽⁹⁾	—	—	—	—	—	—	—	—
Income tax impact of adjustments	—	—	—	—	—	—	(9,293)	(4,889)
Adjusted Net Income ⁽⁷⁾	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 28,663	\$ 26,048
Adjusted net income per share, diluted	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.43	\$ 0.38
Weighted-average common shares outstanding, diluted	—	—	—	—	—	—	67,291	67,821

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	\$ 128,511	\$ 136,720	\$ 33,468	\$ 35,254
Capitalization of internally developed technology ⁽⁶⁾						(19,602)	(5,305)	(5,871)
Purchase of property and equipment	(14,233)	(21,257)	(16,712)	(19,192)	(19,714)	(1,280)	(708)	(391)
Free cash flow	<u>\$ 149,315</u>	<u>\$ 80,227</u>	<u>\$ 121,904</u>	<u>\$ 118,811</u>	<u>\$ 108,797</u>	<u>\$ 115,838</u>	<u>\$ 27,455</u>	<u>\$ 28,992</u>

Key Operating Metrics (unaudited)	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Three Months Ended (unaudited)	
	2018	2019	2020	2021	2022	2023	March 31, 2024	June 30, 2024
Traffic ⁽⁸⁾	445,282,000	553,660,000	599,807,000	591,499,000	587,388,000	614,798,000	171,438,000	158,117,000
Average Monthly Unique Visitors	18,778,000	22,629,000	23,822,000	25,064,000	26,400,000	26,421,000	28,332,000	26,107,000
Dealer Customers (at period end) ⁽⁴⁾	19,921	18,834	18,372	19,179	19,506	19,504	19,381	19,390
Monthly Average Revenue Per Dealer ⁽⁵⁾	\$ 2,098	\$ 2,179	\$ 1,995	\$ 2,309	\$ 2,329	\$ 2,486	\$ 2,505	\$ 2,474

⁽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

⁽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. 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.

⁽⁷⁾ Beginning with the three months ended March 31, 2024, the Adjusted Net income is included in the financials. See the Company's Press Release for more details.

⁽⁸⁾ As of January 1, 2024, we now measure UVs and Traffic via RudderStack. Prior period UVs and Traffic information has not been recast, as it is impracticable to do so. These metrics do not include traffic to Dealer Inspire or D2C Media websites

⁽⁹⁾ Beginning with the three months ended June 30, 2024, Adjusted income tax valuation allowance was updated to Valuation Allowance.