



2025 ANNUAL REPORT

2025 AT A GLANCE

Key Financial Measures

Revenue	\$723MM
Achieved record full year revenue, driven by Dealer revenue growth	+1% YoY
Adjusted EBITDA¹	\$211MM
Adjusted EBITDA Margin	29.2%
Operating Cash Flow	\$152MM
Strong cash generation supported return of capital through repurchase of 7.1 million shares	

Key Operating Metrics

Average Monthly Unique Visitors (UVs)	25.7MM
Attracted record number of average monthly UVs in Q1 2025 from strong consumer demand	+1% YoY
Traffic	627MM
Average Revenue Per Dealer	\$2,460
Dealer Customers	19,544
Marketplace subscriber growth drove overall dealer customer growth for the year	+2% YoY

¹A reconciliation of non-GAAP financial measures to the relevant GAAP measures can be found in the Q4 2025 Earnings Presentation available at www.investor.cars.com



Dear Shareholders,

For over two decades, Cars.com has been synonymous with automotive retail. Our pioneering online marketplace led the digital transformation of car shopping. We subsequently built a multiyear track record as the most recognized automotive marketplace in the US. In today's noisy information landscape, our operating ethos of trust and transparency is more relevant than ever. This was highlighted in 2025 as tariffs and other forces motivated a record 29 million visitors in Q1 to utilize Cars.com - a reminder of our ability to influence one of the biggest consumer purchases powering the US economy. With our strong brand, differentiated product suite, and unique data vantage point across the end-to-end car buying process, we are poised for the next chapter of marketplace-led growth.



Tobias Hartmann
Chief Executive Officer



Scott E. Forbes
Chairman of the Board

Marketplace is our core

In 2025, we made solid progress in strengthening the core Cars.com marketplace. We added over 300 total dealer customers for the year, with marketplace subscribers accounting for over 80% of this growth. We also drove over 625 million total visits to Cars.com properties for the second consecutive year. The majority of our traffic remains organic, a testament to our strong brand and reach.

Despite the advent of AI, automotive remains a complex industry where car shoppers seek vertical expertise from trusted third parties. Our data, editorial content, and brand authority have been critical in helping us adapt to changing consumer search preferences. Cars.com is consistently the most cited public automotive marketplace across AI tools like Google AI Overviews and ChatGPT. By creating additional targeted content and thoughtfully working with leading LLMs, we will continue to elevate the discoverability of our marketplace to enrich the overall consumer car shopping journey.

We are also developing native AI features to guide consumers from uncertainty to confidence. Carson, Cars.com's AI search assistant, already powers over 15% of searches on web and mobile today. Carson shoppers submit 2X more leads and save 4x more vehicles to revisit, a sure sign that we're fueling deeper consumer engagement.

Overall, we continue to see evidence that at least 30% of our customers' vehicle sales are influenced by Cars.com, resulting in meaningful and tangible returns for marketplace participants. There is ample opportunity to drive further innovation and build our platform value as we facilitate transactions and deliver sustainable, product-led growth.



Driving the marketplace flywheel in 2026

Looking ahead, our goal is to accelerate the marketplace flywheel with focused execution in 2026. First, we will attract and harness more vehicle inventory to grow our consumer audience. We believe more inventory is a necessary precondition to creating positive flywheel effects. Second, product innovation will focus on interconnectivity that delivers the best user experience across our total platform. Existing assets like AccuTrade will be synergized into an end-to-end value proposition and new products will be designed with integration expressly in mind. Third, we will infuse every part of the business with unique and proprietary data insights. And fourth, we intend to leverage our strong brand to build even more trust and drive scale and engagement. A well-oiled marketplace flywheel will therefore serve as the growth engine for the total platform.

Record financial performance

Altogether, in 2025 we managed through early challenges to achieve record annual revenue of \$723 million, up 1% year-over-year. The path to top-line growth relied on both volume and value levers, and we were pleased to see both improve throughout the year.

Profitability and cash generation also remained steady. Full year Adjusted EBITDA margin of 29.2% was within our range of expectations and Adjusted EBITDA dollars grew 1% year over year.

We delivered another year of strong Adjusted EBITDA to free cash flow conversion of roughly 60%, which translated to free cash flow of \$126 million. Strong return of capital resulted in \$86 million of share buybacks, up 75% year-over-year and at the high end of our targeted \$70 million to \$90 million range. In total, we retired roughly 9% of outstanding shares in 2025, more than offsetting dilution to enhance long-term shareholder value.

Road ahead

We are operating in a growing TAM as the automotive industry increasingly digitizes the retail and dealership experience. Over the medium- to long-term, we intend to leverage our competitive position to increase our growth beyond a low single-digit rate. Sustainable, profitable growth will require difficult decisions and focused work, but we are committed to delivering against these expectations.

Recent management changes have rounded out a strong team to carry forth our plans. Three key executive roles - the Chief Executive Officer, Chief Commercial Officer, and Chief Technology Officer - were newly filled in the past year by seasoned industry leaders. Adding this breadth of marketplace, product and data expertise is invaluable for advancing our strategic priorities and unlocking our growth potential.

Thank you for your continued support as we grow our business, drive innovation, and reinvent automotive retail for the benefit of all participants. The best days are still ahead.

Handwritten signature of Tobias Hartmann in black ink.

Tobias Hartmann
Chief Executive Officer

Handwritten signature of Scott E. Forbes in black ink.

Scott E. Forbes
Chairman of the Board

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM

TO

Commission File Number 001-37869

Cars.com Inc.

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

300 S. Riverside Plaza, Suite 1000

Chicago, IL

(Address of principal executive offices)

81-3693660

(I.R.S. Employer
Identification No.)

60606

(Zip Code)

Registrant's telephone number, including area code: (312) 601-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, Par Value \$0.01 Per Share	CARS	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At June 30, 2025, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of common stock held by non-affiliates was \$725,620,471 based on the closing sale price of common stock on such date of \$11.85 per share on the New York Stock Exchange.

The number of shares of Registrant's Common Stock outstanding as of February 23, 2026 was 58,636,763.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement relating to the Annual Meeting of Stockholders, scheduled to be held on or about June 3, 2026, are incorporated by reference into Part III of this Report.

Table of Contents

	<u>Page</u>
PART I	
Item 1. Business	1
Item 1A. Risk Factors	6
Item 1B. Unresolved Staff Comments	21
Item 1C. Cybersecurity	21
Item 2. Properties	22
Item 3. Legal Proceedings	22
Item 4. Mine Safety Disclosures	22
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	23
Item 6. [Reserved]	24
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	25
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	32
Item 8. Financial Statements and Supplementary Data	33
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	60
Item 9A. Controls and Procedures	60
Item 9B. Other Information	62
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	62
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	63
Item 11. Executive Compensation	63
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	63
Item 13. Certain Relationships and Related Transactions, and Director Independence	63
Item 14. Principal Accounting Fees and Services	63
PART IV	
Item 15. Exhibits, Financial Statement Schedules	64
Item 16. Form 10-K Summary	68

PART I

Note About Forward-Looking Statements. This report contains “forward-looking statements” within the meaning of the federal securities laws. All statements other than statements of historical facts are forward-looking statements. These statements often use 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, experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments, condition of the global supply chain, fluctuating fuel prices, interest rate environment, inflationary pressures and other factors we think are appropriate. Such forward-looking statements, while considered reasonable by Cars.com Inc. (“we” or the “Company”) and its management, are inherently uncertain. While the Company and its management make such statements in good faith and believe such judgments are reasonable, you should understand that these statements are not guarantees of future strategic action, performance or results. Our actual results, performance, achievements, strategic actions or prospects could differ materially from those expressed or implied by these forward-looking statements. Given these uncertainties, you should not place undue reliance on forward-looking statements in making investment decisions. When we make comparisons of results between current and prior periods, we do not intend to express any future trends, or indications of future performance, unless expressed as such, and you should only view such comparisons as historical data. 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 report. For a detailed discussion of many of these and other risks and uncertainties, see “Part I, Item 1A. Risk Factors” and “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this report. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking statement. The forward-looking statements in this report are intended to be subject to the safe harbor protection provided by the federal securities laws.

Item 1. Business. Cars.com Inc. (NYSE:CARS) is a trusted audience-powered and data-driven technology platform that simplifies buying and selling cars. The flagship Cars.com marketplace connects millions of consumers to dealerships across the U.S., powering the car buying experience with artificial intelligence (“AI”) shopping tools and comprehensive vehicle reviews and content. Our interconnected ecosystem of products enables dealers and OEMs to sell more cars by efficiently leveraging our marketplace, dealer websites, trade and appraisal tools and proprietary in-market media solutions. Learn more at www.carscommerce.inc.

Our premier automotive marketplace, Cars.com, empowers shoppers with the data, resources and digital tools they need to make informed buying decisions and seamlessly connect with automotive retailers. We also equip dealerships and OEMs with innovative solutions and data-driven intelligence to better reach and influence our 26 million average monthly shoppers. Not only does our marketplace drive ready-to-buy customers to the dealership, we believe our interconnected ecosystem of products also allows dealerships to operate more efficiently by facilitating a faster and easier car buying and selling experience.

The strength of our products and solutions has attracted approximately 19,500 franchise and independent dealer customers across the U.S. and Canada to our platform. Approximately 80% of our dealer customers subscribe to either the Cars.com marketplace or the marketplace and additional interconnected solutions, with our remaining customers subscribing to standalone digital website solutions. In addition, substantially all OEMs selling vehicles in the U.S. and Canada do business with us today.

For Consumers. Buying a car is one of life’s most significant and researched decisions. Consumers are challenged with makes, models and trim-levels, opaque, yet negotiable prices, and gaps in the online-to-offline shopping experience, all of which add complexity to an often overwhelming decision-making process. Shoppers desire a more streamlined, simplified and trustworthy automotive retail experience. We help car shoppers cut through the noise with AI-powered features designed to move them confidently from search to signature.

We believe our marketplace functions as a definitive resource for car shoppers. We are known for the depth and scale of our listings and reviews, as evidenced by our over 4.6 million monthly unique VINs and over 16 million consumer reviews as of December 31, 2025. In addition, our expert editorial content, including news and research publications,

aid shoppers in their purchase journey. We also allow consumers to better understand cost of ownership from the convenience of their home with financing tools and vehicle trade-in values. Overall, our consumer experience is focused on reducing friction and improving speed to purchase through pricing, comparison shopping, research and communication tools that empower shoppers.

For Customers. Our platform provides local dealers, OEMs, dealer groups and auto-adjacent companies a variety of digital and media solutions to improve their marketing and operational efficiency. Dealers and OEMs particularly value our marketplace for the opportunity to connect with our in-market audience of 26 million average monthly users in 2025. We complement our marketplace products with digital solutions, including websites and trade and appraisal technology, in-market media solutions. For example, U.S. website customers that also have a marketplace subscription see approximately 45% more connections to their website, in addition to the associated marketplace leads they receive, as compared to those without marketplace. Importantly, we believe that many of the tools we have built for consumers, particularly those that support trade-in valuation, benefit our dealer customers and OEMs by enhancing consumer trust and reducing points of friction that can often arise in the purchase journey.

Industry Dynamics. As an audience-driven technology company, we are focused on helping our customers, primarily automotive dealerships, drive profitable vehicle sales. Consumer expectations on their digital purchase journey have only increased. As a result, some dealers seek to invest more in their websites and technology solutions to drive operational efficiency, while supporting shoppers in their preferred purchase channels (i.e., online, in person or both). We believe we are the first truly integrated marketplace-centric platform, providing a comprehensive suite of sales-oriented products and solutions that support dealers' local retail operations.

Products. Our interconnected product suite is organized around four core capabilities: Marketplace, Digital Experience, Media Solutions and Trade & Appraisal.

- **Marketplace.** Central to our platform is Cars.com, the most recognized automotive marketplace brand, which we believe serves a critical role as a trusted and neutral third-party marketplace connecting consumers, dealers and OEMs to drive automotive retail at scale. We enabled dealers and OEMs to professionally merchandise their inventory to our 26 million average monthly shoppers in 2025. Importantly, the majority of our traffic comes to us organically so that we provide our customers with a truly complementary and unduplicated audience. We offer dealers packages that include reputation management technology and digital financing tools, with additional functionality like media solutions, for our upper-tier packages. Notably, dealers purchasing these upper-tier packages typically experience a double-digit improvement in leads per listing. We continue to add new consumer features, such as Carson™, to our marketplace. Carson™, which launched in 2025, provides consumers with an AI-powered natural language search experience. Shoppers utilizing Carson™ generate two times more leads than other shoppers.
- **Digital Experience.** We operate dealer websites in both the U.S. and Canada as an endorsed website provider by substantially all OEMs. These website hosting and related solutions transform automotive retail processes by making them faster, easier and smarter from search to signature. Built on a customizable platform and designed with user behavior data, we believe our websites are set apart by the advanced technologies that drive modern consumers toward purchase decisions. Today, we host the digital storefronts (websites) for approximately 7,700 dealers in the U.S. and Canada.
- **Media Solutions.** Our exclusive automotive media solutions enable local and national customers alike to reach proven in-market consumers. Whether on or off our Cars.com related properties, OEMs and dealers advertising with our media solutions experience increased consumer engagement as seen throughout the digital shopping experience. For example, when an OEM partner purchased a prominent advertising sponsorship in 2025, we observed increased consumer engagement on Cars.com (searches and vehicle page views), traffic to the OEM's dealers' websites, and a double-digit lift in conversions on those dealer websites during the sponsorship period. Our media solutions include:
 - **Cars Social.** Cars Social enables dealers, OEMs and other national advertisers to target and serve native advertisements displaying real-time inventory to in-market car shoppers on Facebook, Instagram and other social media platforms by leveraging our valuable audience data.
 - **VIN Performance Media.** VIN Performance Media utilizes advanced machine-learning to optimize all aspects of a media campaign, including audience targeting, real-time inventory and ad placement across search, social, and display.

- **In-Market Video.** In-Market Video provides OEMs and dealers with the opportunity to pinpoint serious, ready-to-buy shoppers geographically on their screen of choice via social media platforms, streaming apps and connected TV. This targeted approach drives high advertising efficiency for customers and compares favorably to the high-cost broadcast television solutions that dealers and OEMs have historically relied on.
- **Trade & Appraisal.** AccuTrade helps dealers manage inventory life-cycle from appraisal to exit to maximize dealer profitability. Gross profit begins at the time of appraisal by leveraging retail and wholesale demand data and diagnostic scans to determine the right trade-in offer for a VIN in minutes. Through this solution, dealers gain access to high quality used vehicle inventory and experience improved profitability by avoiding reconditioning costs of approximately \$800 on average per vehicle acquisition. AccuTrade's rich dataset then determines the best retail or wholesale exit strategy for each vehicle. The dealer can choose to retail the vehicle on our Cars.com marketplace or wholesale their vehicle on DealerClub. And for dealers choosing to wholesale the vehicle, we have a click-to-list option to DealerClub, the first reputation-based, dealer-to-dealer digital auction that brings trust to wholesale auctions via transparent pricing and buyer and seller reviews.

We believe this helps minimize arbitration disputes and title issues, ultimately improving overall profitability per wholesale transaction.

Our Strengths and Competitive Advantages. We are focused on simplifying car buying and selling by eliminating complexity and increasing transparency throughout the local retail experience, where sales and service are best facilitated. Our platform brings our industry leading marketplace together with innovative digital and media solutions which we believe creates frictionless shopping experiences for consumers and our customers. Led by our product first innovation strategy, industry-leading brand, high-quality audience and differentiated technology solutions, we are executing on our vision to be essential to the success of the automotive industry which we believe will drive accelerated growth in our subscription based revenue and cash flow.

A powerful suite of brands delivering integrated digital and media solutions that enable our platform strategy. Our suite of brands includes our flagship Cars.com integrated marketplace, digital retailing and media solutions that define our platform strategy and make us essential to the automotive industry. We believe our solutions seamlessly connect buyers and sellers wherever they are in their vehicle shopping journey. Our integrated platform helps sellers expand their consumer influence and engagement across the entire purchasing journey, ultimately increasing sales, creating operational efficiencies and improving profitability. For instance, dealers that subscribe to our trade and appraisal tools as well as our Cars.com marketplace have approximately 70% more marketplace leads, in addition to their Instant Offer leads.

A high-quality audience, at scale, enables our industry-leading platform. We have made strategic technology and marketing investments to deliver what we believe is the industry's most qualified car shopping audience. Our audience powers our integrated platform strategy. Not only does our audience power our marketplace packages, they are also key to our ability to efficiently grow and scale our media solutions that allow customers to target in-market shoppers and strengthen our digital solutions.

In 2025, we had 26 million average monthly unique visitors that visited our marketplace a total of over 600 million times. Leveraging industry-leading brand recognition, we capture the majority of our traffic organically. Cars.com serves as a premier consumer resource, combining expert editorial content with easy-to-use tools such as Best Match™ and Carson™. Over the past 25 years, we have made more than half a billion connections between car shoppers and sellers.

According to a recent Cars.com survey, over 80% of our audience is in-market to buy a car, compared to a fraction of the general population. The average time for a shopper to purchase a car is approximately two months, and approximately 60% of the Cars.com audience plans to buy within the next two months.

Asset light business model with a diversified revenue base, attractive cash flow and strong balance sheet. We generate approximately 80% of our revenue via subscription-based solutions, creating a dependable recurring revenue stream across our diversified mix of marketplace subscription advertising packages, digital solutions, and media. Our customer concentration is also limited, as each month, we generate an average monthly revenue per dealer of over \$2,400 during the fourth quarter from across our approximately 19,500 dealers.

Our asset light business model drives significant net operating cash flow, in excess of \$135.0 million in each of the last three years, resulting in substantial liquidity and financial flexibility, which enables us to invest in innovation, pursue strategic growth opportunities and maintain a healthy balance sheet with modest leverage.

Competition. We compete with other companies to attract consumers and customers to our marketplace, digital experience, trade and appraisal, and media solutions. Our direct competitors are online automotive marketplaces, such as CarGurus, AutoTrader and TrueCar. We also compete with other automotive websites, such as CARFAX, Edmunds and Kelley Blue Book. We also compete with dealer software and marketing services providers such as Cox Automotive and DealerOn. Additionally, we compete for consumer audience with platforms, such as internet search engines, generative AI chat engines, online dealerships, social media marketplaces and online consumer marketplaces.

- **Competition for Consumers.** We compete for consumer visits with other online automotive marketplaces, OEM websites, free listing services, general search engines, generative AI chat engines, social media and dealer websites. We compete for shopper traffic primarily on the basis of the quality of our consumer experience. We believe our consumer experience compares favorably due to the scale of our vehicle listings, the content and unbiased transparency of the information we provide on vehicles, pricing and dealers, as well as the intuitive nature of our user interface, sophisticated search tools and algorithms and our mobile user experience, among other factors.
- **Competition for Dealers.** We compete for dealers' marketing budget with offline customer acquisition channels, software and solutions spend, other online automotive marketplaces, dealers' own customer acquisition efforts on search engines and other internet sites that attract consumers searching for vehicles. We compete primarily on the basis of the return on investment ("ROI") to the customer that our marketplace, solutions and data insights provide in the form of increased profitability and improved inventory turn time. We leverage our expansive, engaged audience and proprietary data to maintain a distinct competitive advantage. We believe by connecting well-informed consumers with dealers through these insights, we ensure a superior ROI that is both consistent and measurable.
- **Competition for OEMs and other advertisers.** We compete for a share of OEMs' and other advertisers total marketing budgets which include traditional media, such as television, radio, print media, and billboards, as well as digital media, such as media sites, other marketplaces, search engines and social media sites, among others. We compete for advertising spend based on the marketing ROI that our products provide. We believe we are in a favorable market position due to our large, in-market consumer audience, high consumer engagement and the effectiveness and relevance of our advertising products.

Intellectual Property. We take a strategic approach to intellectual property management by protecting our intellectual property and brands through a combination of trademarks, trade dress, domain names, copyrights, trade secrets and patents as appropriate. We have registered and unregistered U.S. and international trademarks, service marks, patents, domain names and copyrights. The duration of the protection afforded to our intellectual property depends on the type of property in question and the laws and regulations of the relevant jurisdiction. We protect our intellectual property rights by relying on federal, state and common law rights, including registration in the U.S. and applicable foreign jurisdictions. In addition, we seek to protect our proprietary information by entering into confidentiality and invention assignment agreements with our employees and confidentiality agreements with consultants, contractors and business partners. We also seek to control the use of our proprietary technology and intellectual property through provisions in both our general and product-specific terms of use on our mobile applications and websites.

Regulatory Matters. Various aspects of our business and the solutions we offer are or may be subject to an expanding and evolving range of local, state, federal and international regulations. The advertising and sale of new or used vehicles is highly regulated by the states in which we do business. Although we do not sell vehicles, the dealers from which we derive a significant portion of our revenue do and are subject to these regulations. Moreover, state regulatory authorities or other third parties could take and, on some occasions, have taken the position that some of the regulations applicable to dealers or to the manner in which vehicles are advertised and sold generally are directly applicable to our business model. Additionally, our business is directly subject to laws, regulations and standards regarding consumer communications, marketing and advertising activities conducted by telephone, email, mobile devices and the internet, such as the Telephone Consumer Protection Act, the CAN-SPAM Act and similar state consumer protection laws. Our digital solutions products may also be subject to laws and regulations governing accessibility, intellectual property ownership, obscenity, libel, privacy and AI among other issues.

In addition, we are subject to local, state and federal laws and regulations in the United States and internationally relating to privacy policies and obligations as well as our obligations regarding the personal information we collect, use, share, store and disclose. We strive to comply with industry standards and all applicable laws, regulations, policies, and legal obligations relating to privacy and data protection (including those imposed by comprehensive state consumer privacy laws, which are constantly evolving and increasing in number). We are also subject to our privacy policies and privacy-related obligations to third parties.

To operate in this highly regulated environment, we have developed our products and services with a view toward appropriately managing our regulatory risk compliance. If, and to the extent that, our products and services fail to satisfy relevant regulatory requirements, we could be subject to significant civil and criminal penalties, including fines, the award of significant damages in class action or other civil litigation, as well as orders that may interfere with our ability to provide our products and services in certain states.

Human Capital. The foundation of our business is our employees. As of December 31, 2025, we had approximately 1,700 full-time, part-time, seasonal and temporary employees. We are committed to the highest standards of integrity, inclusion and responsible business practices. Our commitment to build a culture and business that cares about our employees, customers, industry and communities is a part of who we are. Fundamental to these commitments are our company values:

- *Rise Together* - We put people at the center of what we do, from consumer to customer to community. We prioritize collaboration. When we work together, we win together.
- *Care to Challenge* - We innovate, we challenge convention and we get results because we care. It is what fuels our competitive spirit. We embrace creativity, buck tradition and grow beyond.
- *Take Ownership* - When there is an opportunity to make a positive impact, we go for it. We lean in and take risks. We think about tomorrow and act today.
- *Do the Right Thing* - Integrity is our foundation. We uphold our commitments; we lead by example. We do the right thing, every time. Especially when it is hard.
- *Be Open to All* - We encourage open-minded communication because we know diverse thinking yields better outcomes. We welcome new ideas, respect differences and open the floor to all voices.

We believe our highly innovative and collaborative teams are one of our biggest differentiators and the most important investment we can make. In order to attract and retain exceptional talent in pursuit of our mission to simplify everything about buying and selling cars, we offer competitive benefits, including market-competitive compensation, an Employee Stock Purchase Plan, a virtual first work environment, healthcare, paid time off, parental leave, adoption assistance, retirement benefits, tuition assistance, volunteer hours, employee skills development and leadership development.

We recognize the value of a workforce with varied backgrounds, opinions, perspectives and personal and professional experiences. As a result, we strive to foster a culture of inclusion that ensures our workplace appreciates the views and ideas of all. We also monitor employee satisfaction and engagement by conducting periodic surveys that are reviewed and, when appropriate, acted upon by our executive management team and shared with our Board of Directors. These surveys are an important way for us to identify areas where we can improve.

None of our employees are represented by a labor union or are subject to a collective bargaining agreement.

Available Information. Our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as well as proxy statements and amendments to those reports are available free of charge at <https://investor.cars.com> as soon as reasonably practicable after we file such material with, or furnish it to, the U.S. Securities and Exchange Commission (“SEC”). In addition, the SEC maintains a website (<http://www.sec.gov>) that contains information we electronically file with, or furnish to, the SEC. Information on our website is not part of this or any other report we file with, or furnish to, the SEC.

Item 1A. Risk Factors.

The following risk factors should be considered carefully, together with all other information contained in this report, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes, when evaluating our business and any forward-looking statements or other statements we or our representatives make from time to time. Any of the following risks could materially and adversely affect our business, results of operations, financial condition and the actual outcome of matters as to which statements are made. The risks and uncertainties described in this report are not the only ones we face. Other risks or uncertainties, which are not currently known to us or that we believe are immaterial, also may adversely affect our business, operating results and financial condition.

Risks Related to Our Business

Our business is subject to risks related to the larger automotive ecosystem, including consumer demand, direct-to-consumer sales models and other macroeconomic issues.

Substantially all of our revenue is generated from subscription products offered to automotive dealers and other customers in or adjacent to the automotive industry. Our business may be negatively affected during times of low automobile sales, low dealer inventory due to production shortages or delays and high unemployment.

A number of economic and market conditions drive changes in automobile sales, including disruptions in the new automobile supply chain, consumer demand for new vehicle models, the availability and prices of new and used automobiles, unemployment and inflation levels, availability of affordable financing, fluctuations in the cost of fuel, consumer confidence and other factors affecting demand for vehicles, government shutdowns, political unrest or uncertainty, the occurrence of contagious disease or illness, barriers to trade, new OEM entrants into markets and other global economic conditions. Decreases in consumer demand could adversely affect the market for automobile purchases and, as a result, reduce the number of consumers using our platform.

Consumer purchases of new and used automobiles generally decline during economic downturns and other periods in which disposable income is adversely affected. Purchases of new and used automobiles may continue to be, affected by negative trends in the economy, including an economic recession or downturn, increases in the cost of energy and gasoline, the availability and cost of credit, reductions in business and consumer confidence, stock market volatility, rising interest rates, inflation, health or similar issues, such as pandemic or epidemic and increased unemployment. In addition, the imposition of new tariffs, quotas, duties, or other restrictions or limitations could increase prices for vehicles imported into the United States and adversely impact demand for such vehicles. Further, if OEMs continue to transition to e-commerce and direct-to-consumer sales models to grow their market penetration, consumer demand for our platform could be materially adversely affected with consumers shifting from our platform to an OEM-based platform.

In addition, a decrease in market demand caused by longer vehicle ownership, self-driving technology, ride sharing, transportation networks and other fundamental changes in transportation could impact the demand for new and used automobiles. Disruptions in the new vehicle market can have delayed and prolonged effects on the used vehicle market, adversely affecting used vehicle availability, pricing and dealer inventory levels for several years following the initial disruption. More recently, instability in electric vehicle manufacturing—including production delays, shifting OEM strategies and vehicle program cancellations—has created additional uncertainty for dealers and has contributed to inventory issues. A reduction in the number of automobiles purchased by consumers could adversely affect automobile dealers and car manufacturers and consequently lead to reduced spending on our digital marketing services and solution offerings. Further, OEM production shortages, supply chain disruptions and inventory shortfalls could adversely impact automobile dealers and also reduce spending on our digital marketing services and solution offerings. Though our current customer bases, revenue sources and operations are substantially limited to the United States and Canada, our business may be negatively affected by challenges in the global automotive ecosystem and other macroeconomic issues.

To the extent a weakened economy impacts our customers’ ability or willingness to pay for our services or our vendors’ ability to provide services to us, our operations, liquidity and financial condition could be negatively impacted. As a result, in order to respond to changes in our revenue, we may be required to implement expense-reduction measures or amend our debt instruments in the future, which could further adversely impact our operations, liquidity and financial condition.

Market acceptance of and influence over certain of our products and services is concentrated with a limited number of automobile OEMs, dealership associations and major dealership groups and we may not be able to maintain or grow these relationships.

Although the automotive retail industry is fragmented, a relatively small number of OEMs, dealership associations and their program administrators exert significant influence over the market acceptance of certain automotive products and services due to their concentrated purchasing activity, the visibility of their endorsement or recommendation of specific products and services, their provision of co-operative advertising money to dealers and OEMs' ability to define technical standards and certifications and marketing guidelines. For example, many of our website solutions are provided pursuant to OEM-designated endorsements or preferred vendor programs. While automotive dealers are generally free to purchase the solutions of their choosing, if an OEM has endorsed or certified a provider of products or services to its associated franchised dealers and if our solutions lack such certification or endorsement, adoption or retention of our products and services could be materially impaired. In addition, instead of using our solutions, OEMs may begin to require that consumers and dealerships use OEM-created solutions which could also materially reduce the adoption or retention of our products and services.

Dealer closures or consolidation among dealers, major dealership groups or OEMs could reduce demand for, and negatively affect the pricing of, our marketing and solutions offerings, thereby leading to decreased earnings.

When dealers consolidate, the services they previously purchased separately are often purchased by the combined entity in a lesser quantity than before, leading to volume compression and loss of revenue across the automotive marketplace sector. In the past, dealers were more likely to close or consolidate when conditions in the automotive industry and/or general economic conditions were poor. Despite our market position, consolidation or closures of automobile dealers could reduce the aggregate demand for our services in the future and limit the amounts we earn from our solutions. In addition, advertising purchased by OEMs accounts for a meaningful portion of our revenue. There are a limited number of OEMs, and financial difficulties or consolidation among OEMs could similarly lead to volume compression and loss of revenue.

Our business depends on our strong brand recognition, and any failure to maintain, protect and enhance our brands could hurt our ability to retain or expand our base of consumers, dealers and customers, and our ability to increase the frequency with which consumers, dealers and customers use our services.

We believe that maintaining and increasing the strong recognition of our brands, including Cars.com, is critical to our future success. Our brand drives traffic to our websites and applications. The Cars.com brand attracts a large base of in-market car shoppers by offering credible and easy-to-understand information from experts and other consumers regarding new and used vehicle listings. The Cars.com website and its consumer audience is the starting point of our business flywheel. Dealers, OEMs, and other customers rely on the strength of the Cars.com brand and the brand recognition of our innovative digital marketing services and solutions offerings to drive results for their businesses. To grow our business, we must maintain, protect and enhance our brands. Otherwise, we may be unable to expand our base of consumers and customers, or increase the frequency with which such constituents use or purchase our solutions. Expanding the business will depend, in part, on our ability to maintain the consumer and customer trust in our solutions and services and the quality and integrity of the listings and other content found on the Cars.com sites and mobile applications. There is no guarantee that we can maintain or enhance our brands, and failure to do so would harm our business growth prospects and operating results. In addition, complaints or negative publicity about our business practices and culture, including our solutions, technologies, sales practices, management team, employees, our marketing and advertising campaigns, our compliance with applicable laws and regulations, the integrity of the data that we provide to consumers, data privacy and security issues, third-party content and conduct on websites, customer service and other aspects of our business could diminish confidence in and the use of our services. If we experience negative publicity, or if consumers perceive that content on the Cars.com sites or mobile applications is not reliable, our reputation, the value of our brands and traffic to our sites and mobile applications could decline.

Our increased operations in Canada involve risks that may differ from, or are in addition to, our domestic operational risks.

Increasing our operations in Canada, including as a result of the 2023 stock acquisition of D2C Media, may subject us to different risks or increase our exposure in connection with current risks, including risks associated with local consumer behavior; increased competition from local providers; and compliance with applicable foreign laws and regulations, including different data privacy, employment, commercial and liability standards and regulations and

intellectual property laws. Additionally, we are exposed to foreign currency risk, primarily from its investments in its subsidiaries that operate in Canada. Our ability to successfully operate in Canada requires resources, given the different languages, cultures, legal systems and commercial infrastructures. Increased operations in Canada involve risks that could impact our operations and affect our business and potential growth.

The increased use, development and regulation of generative AI, including generative AI and agentic AI technologies, could materially and could materially and adversely affect our business, results of operations and financial condition.

AI technologies are rapidly evolving and increasingly being adopted by consumers, automotive manufacturers, dealers, our competitors, technology platforms and third-party service providers. These technologies may significantly change how consumers search for, evaluate and purchase vehicles, how automotive advertising is delivered and measured and how digital marketplaces operate. AI-powered search engines, digital assistants and other platforms may enable consumers to obtain vehicle information, pricing comparisons, dealer information, recommendations and purchasing guidance without visiting third-party marketplaces or websites. If consumers increasingly rely on AI technologies that provide answers directly—rather than directing traffic to our websites or mobile applications—traffic to our platforms, lead volumes, advertising inventory and subscription value to dealers and OEMs could decline, which could materially adversely affect our revenue.

In addition, competitors, OEMs, dealers or other third parties may use AI to replicate, enhance or replace functionality currently provided by our platforms, including vehicle listings, pricing analysis, editorial content, lead generation tools and valuation products. If we are unable to develop, deploy or integrate AI-enabled features at a pace that meets customer expectations, or if our AI-enabled solutions are perceived as less effective or less reliable than those of competitors, our competitive position, customer retention and growth prospects could be harmed. AI systems may produce inaccurate, misleading or otherwise flawed outputs. If AI-generated outputs are relied upon by consumers, dealers or OEMs and are perceived as unreliable or inconsistent with consumer and customer expectations, our reputation, brand value and customer relationships could be harmed.

The development and deployment of AI technologies also involve significant costs and risks. Implementing AI-enabled solutions may require substantial investment in data infrastructure, computing resources, third-party technologies and specialized personnel, and such investments may not result in improved products, operational efficiencies or increased revenue. The legal and regulatory environment governing AI is rapidly evolving. Laws, including recently-enacted state laws, proposed laws and recent Executive Orders addressing regulation and policies related to AI may create inconsistent compliance obligations, which may be costly, challenging and difficult to resolve. Existing laws and regulations relating to data privacy, intellectual property, consumer protection, advertising practices and algorithmic decision-making are also increasingly being interpreted or applied in new ways to AI-enabled products. Compliance with such requirements could increase our costs, limit our ability to use data effectively or require changes to our products or business practices, or, if we fail to comply, it could expose us to fines, penalties and litigation. If we are unable to effectively manage the operational, competitive, regulatory and reputational risks associated with AI, our business, financial condition and results of operations could be materially and adversely affected.

We rely in part on Internet search engines and mobile application stores to drive traffic to the Company's sites and increase downloads of our mobile applications. If the Company's sites and mobile applications fail to appear prominently in these search results, traffic to the Cars.com properties and mobile applications would decline and our business, results of operations or financial condition may be materially and adversely affected.

We depend, in part, on Internet search engines to drive traffic to the Company's sites. For example, when a consumer searches for the make and model of a specific automobile or a generic phrase, such as "used cars for sale near me," using an Internet search engine, we rely on a high organic search ranking of the Cars.com site in these search results to drive consumer traffic. However, our ability to maintain these high search result rankings is not fully within our control. For example, our competitors' search engine optimization efforts may result in their websites receiving a higher search result page ranking than us, or Internet search engines could revise their methodologies with or without knowledge in a way that would adversely affect our search result rankings. The Company's sites have experienced both positive and negative fluctuations in search result rankings in the past, and it is anticipated that similar fluctuations will occur in the future.

Internet search engines or other platforms, including AI-powered search and answer engines, may provide vehicle information directly to consumers without referring them to our platforms. Additionally, new technologies could affect

how search results are ranked, or whether our search results appear at all, despite our search optimization efforts. Consumer transition to such new technologies could adversely affect our search results or traffic to our mobile applications.

If Internet search engines or mobile application download stores modify their search algorithms, or if new developments in technology continue to evolve, such as generative AI, in each case, in ways that negatively impact traffic to the Company's sites or Cars.com mobile applications, or if the search engine or mobile application store optimization efforts of our competitors are more successful than our own efforts, overall growth in our consumer base could slow or the consumer base could decline. In addition, if search engines or app stores prioritize their own products or those of our competitors, or if AI-driven assistants become a primary navigation tool for consumers, traffic and conversion on our platforms could decline.

We rely on in-house content creation and development to drive organic traffic to the Company's sites and mobile applications.

We rely on our in-house editorial content team to continually develop content that is useful and of interest to consumers to drive organic traffic to the Cars.com properties and mobile applications. Our editorial content team tests, reviews and photographs a large number of different car makes and models every year to support our creation of independent and unbiased automotive industry content. Our internally developed content focuses primarily on consumer automotive purchasing, ownership advice and analysis of ownership trends. If we are unable to continue to develop our in-house content, we may be required to rely more heavily on third-party content providers, which could lead to less distinctive content on our sites and increased operating costs, including increased traffic acquisition costs.

If we are unable to continue providing the same level of high-quality, unique consumer content, organic traffic across Cars.com properties and mobile applications could decrease. Such a decrease may lead to dealers receiving fewer indications of consumer interest through leads generated by the Cars.com marketplace and recognizing less value for their digital advertising spend. As a result, dealers may decide not to continue to list their vehicles on the Cars.com marketplace. Similarly, decreased organic traffic due to a reduction in unique content may cause national customers such as OEMs to shift their digital advertising spend to sites with higher traffic. Decreased traffic from in-house content could also result in increased spend in paid channels, which would result in higher sales and marketing expenses. Further, the increased adoption of generative AI for content creation may impact how consumers value our editorial content and their need for our marketing services. Any of the foregoing could materially and adversely affect our business, results of operations or financial condition.

Certain of our third-party service providers and customers are highly regulated financial institutions, and the federal and state laws related to financial services could have a direct or indirect materially adverse effect on our business.

In November 2021, we acquired the stock of CreditIQ, Inc., a privately held, automotive financial technology platform that provides instant online loan screening and approvals to facilitate online car buying. Although we do not provide financial products, we have entered into agreements with partners and customers to provide a marketplace, automobile financing products to our consumers, including products that may involve a credit application or access to consumer credit scores. Our partners may be subject to extensive federal and state laws and regulations related to the provision of financial services. We cannot guarantee that relevant regulatory authorities or third parties will not take the position that some of the regulations applicable to financial product providers, or to the manner in which such products are advertised or sold, apply to our platforms or business. If our products or services are determined to fall within the scope of those laws or regulations, we or our partners may be required to implement new measures to comply with these laws and regulations, which could be costly, or be required to discontinue or limit the offering of certain products or services in affected jurisdictions. Additionally, if our products or services are determined not to comply with relevant regulatory requirements, we or our partners could be subject to possibly significant civil and criminal penalties, including fines, or the award of significant damages in class action or civil litigation, as well as orders interfering with our ability to continue providing our products and services in certain jurisdictions. Even without a determination that our products or services fall within the scope of these laws or regulations, if any of our current or prospective partners are uncertain about the applicability of those laws and regulations to our business, the partners may terminate their business with us, or we could have difficulty attracting new partners, which would adversely affect our future growth. Any or all of these adverse effects could result in substantial negative publicity, increased regulatory scrutiny, decreased revenues, increased expenses and decreased profitability.

Risks Related to Environmental Laws and Climate Change Impacts

Our business may be affected by climate change, including physical risks and regulatory changes that may increase our operating costs and impact our ability to deliver services to our customers.

Climate change poses both physical and transitional risks to our business, which may affect our operations, financial performance and reputation. We conducted a climate risk assessment to better understand the types of climate-related risks that are most salient for our business. This assessment reviewed our exposure to these risks as well as the systems in place to manage these risks. During the climate risk assessment, we identified a series of climate-related challenges that may pose material, financial risks to our business operations and financial performance. These include physical risks from extreme weather events such as floods, droughts, wildfires and storms, which can damage our assets and disrupt our operations. Additionally, transition risks include the shift to a low-carbon economy which may affect the demand for our products and services.

Expectations relating to environmental, social and governance considerations expose us to potential liabilities, increased costs, reputational harm and other adverse effects on the Company's business.

Some investors, employees, customers and other stakeholders are increasingly focused on environmental, social and governance considerations relating to our business, including climate change and greenhouse gas (“GHG”) emissions, human capital and diversity, equity and inclusion. We make statements about our environmental, social and governance goals and initiatives through information provided on our website, press releases and other communications. Responding to these environmental, social and governance considerations and implementation of these goals and initiatives involves risks and uncertainties, requires investments, and are impacted by factors that may be outside our control. In addition, some stakeholders may disagree with our goals and initiatives and the focus of stakeholders may change and evolve over time. Stakeholders also may have very different views on where environmental, social and governance focus should be placed, including differing views of regulators in various jurisdictions in which we operate. Any failure, or perceived failure, by the Company to achieve our goals, further its initiatives, adhere to its public statements, or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against the Company and materially adversely affect our business, reputation, results of operations, financial condition and stock price.

Strategic and Competitive Risks

We participate in a highly competitive market, and pressure from existing and new competitors may materially and adversely affect our business, results of operations or financial condition.

We face significant competition to attract consumers and customers from companies that provide listings, information, lead generation, websites, automotive appraisals, online loan screening and approvals, marketing and car-buying services designed to reach consumers and enable dealers to reach consumers. We also compete with many of our competitors for a share of a dealer's overall marketing budget. To the extent that car dealers view alternative solutions to be superior, we may not be able to maintain or grow the number of dealers in our network. In addition, new competitors may enter the online automotive retail industry with competing products and services.

Our competitors could significantly impede our ability to expand our network of dealers and consumer reach. Our competitors may also develop and market new technologies that make our existing or future products and services less competitive, unmarketable or obsolete. In addition, if competitors develop products or services with similar or superior functionality to our solutions, we may need to decrease prices for our solutions to remain competitive. If we are unable to maintain our current pricing structure due to competitive pressures, our revenue may be reduced, and our operating results may be negatively affected.

Some of our larger competitors may be better able to respond more quickly with new technologies and to undertake more extensive marketing or promotional campaigns. In addition, to the extent that any of our competitors have existing relationships with dealers or OEMs for marketing or data analytics solutions, those dealers and automobile manufacturers may be unwilling to partner or continue to partner with us.

In addition, if any of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could materially and adversely affect our ability to compete effectively. Our competitors may also establish or strengthen cooperative relationships with our current or future third-party data providers, technology partners, or other parties with whom we have relationships, thereby limiting our ability to develop, improve and promote our solutions. We may not be able to compete successfully against current or future competitors, and competitive pressures may materially and adversely affect our business, results of operations or financial condition.

We compete with other consumer automotive websites and mobile applications and other digital content providers for share of automotive-related digital advertising spending and may be unable to maintain or grow our base of advertising customers or increase our revenue from existing customers.

Competition to capture share of the total digital automotive advertising spend has increased and may continue to increase due to the attractive projected growth of digital automotive advertising spend, low barriers to entry in the online automotive marketplace and related digital automotive advertising markets.

We may face significant challenges in convincing our advertising customers, including national customers and OEMs, to expand their advertising on our sites and mobile applications in the face of growing competition, which could hurt our ability to grow our third-party advertising revenue. For example, there are a limited number of OEMs, most of which already advertise on our sites. To grow our advertising revenue from these OEMs, we may need to capture a greater portion of such OEMs' digital advertising budgets. In addition, if we experience a significant decrease in advertising spending by OEMs or other national customers for any reason, our revenue will decrease and our business, results of operations or financial condition may be materially and adversely affected.

If we do not adapt to automated buying strategies, our display revenue could be adversely affected.

The majority of the OEM display advertising purchased by our national, regional and related customers (e.g., insurance and finance customers) is still done manually via insertion orders. However, customers have recently shifted away from buying media directly from premium publishers and increasingly are buying their target audiences via ad exchanges across the broader Internet. While we are developing new programmatic ad products and have redesigned our ad delivery technology stack, we may not adapt quickly enough and may lose display advertising revenue as a result. Due to the concentrated number of OEM and national customers, our OEM and national advertising business can be materially impacted by shifts in media strategy, marketing strategies, agency changes and our customer's financial results. These changes may occur independent of the products and value we are providing to those customers. In addition, the increasing use of ad blockers may reduce the quantity or types of display ads and the shift away from the use of third-party cookies may impact the information collected for advertisements.

We may face difficulties in developing and launching new solution offerings or growing our complementary offerings that help automotive brands and dealers create enduring customer relationships.

We continue to expand, enhance and improve the nature and scope of our solutions offerings to enter into complementary markets and have expanded to incorporate digital solutions that use social, mobile and web-based technologies. Our ability to effectively offer a wide range of business solutions depends on our ability to attract existing or new customers to our new offerings. The market for solutions is highly competitive. We cannot be certain that our new offerings will effectively meet our customer's needs or that we will be able to attract customers to these service offerings. The inherent difficulty of developing or implementing new solution offerings and significant competition in the markets for these solutions may affect our ability to market these services successfully.

Our growth strategy will also increase demands on our management, operational and financial information systems and other resources. To accommodate our growth, we will need to continue to implement operational and financial information systems and controls, and increase, train, manage and motivate our employees. Our workforce, information systems, procedures or controls may not adequately support our growth strategy or our operations in the future. Failure to retain strong management, implement operational and financial information systems and controls, or expand, train, manage or motivate our workforce, could lead to delays in developing and achieving expected operating results for these new offerings.

Strategic acquisitions, investments and partnerships could pose various risks, including integration risks, increase our leverage, dilute existing stockholders and significantly impact our ability to expand our overall profitability.

One of our key operating strategies is to pursue targeted acquisitions that enhance our platform strategy. These acquisitions involve inherent risks, such as potentially increasing leverage and debt service requirements and combining company cultures and facilities, which could have a material and adverse effect on our business, results of operations or financial condition and could strain our human capital resources. We may also be unable to successfully implement effective cost controls or achieve expected synergies as a result of an acquisition. Acquisitions may result in our assumption of unexpected liabilities, the integration of separate organizations, the unanticipated incompatibility of systems and operating methods, negative impacts on employee morale and performance as a result of job changes and reassignments, unforeseen difficulties in operating businesses we have not operated before and the diversion of

management's attention from the operation of our core business. Acquisitions may also result in greater exposure to the industry risks of the businesses underlying the acquisition and possible tax costs and inefficiencies. Strategic investments and partnerships with other companies expose us to the risk that we may not be able to control the operations of our investee or partnership, which could decrease the value of benefits we realize from a particular relationship. We are also exposed to the risk that our partners in strategic investments and infrastructure may encounter financial difficulties that could lead to disruption of investee or partnership activities, or impairment of assets acquired, which could adversely affect future reported results of operations and stockholders' equity. Acquisitions may subject us to new or different regulations or tax consequences which could have an adverse effect on our operations.

In addition, we may not be able to successfully integrate acquired businesses, which may result in an inability to realize the anticipated benefits of our acquisitions. On November 1, 2023, we acquired D2C Media, a leading automotive technology and digital solutions provider in Canada and on January 23, 2025, we acquired Dealer Club, Inc. ("DealerClub"), an emerging dealer-to-dealer digital wholesale auction platform. As part of the acquisitions, we must integrate two previously independently operated businesses. We may have difficulty addressing possible differences in corporate culture, management philosophies, businesses, processes and systems, or inconsistencies in standards, controls, procedures, practices, policies and compensation. Failure to successfully integrate D2C Media or DealerClub could impact the anticipated benefits of the acquisitions, result in increased costs or decreases in the amount of expected revenue and could materially adversely affect our business, financial condition and results of operations.

We may also be unable to obtain financing necessary to complete acquisitions on attractive terms or at all. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Future equity financings could also decrease our net income per share and the benefits derived from such new ventures or acquisitions might not outweigh or exceed their dilutive effect. Any additional debt financing we secure could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital or to pursue business opportunities.

Risks Related to Technology

The value of our assets or operations may be diminished if our information technology systems fail to perform adequately.

Our information technology systems are critically important to operating our business efficiently and effectively. Our brand, reputation and ability to attract consumers and customers depend on the reliability of our technology platforms and the ability to continuously deliver content. Interruptions in our information technology systems, whether due to system failures, cybersecurity incidents, computer viruses, physical or digital break-ins, capacity constraints, power outages, local or widespread Internet outages, telecommunication breakdowns or other uncontrollable events, could affect the security or availability of products on our sites or our mobile applications or prevent or inhibit the ability of consumers to access our marketplace, websites or other products. The failure of our information technology systems to perform as anticipated could disrupt our business and result in transaction errors, processing inefficiencies, decreased use of our sites or mobile applications and loss of traffic, customers and revenue. Moreover, we strive to continually upgrade and enhance our technology. The failure to complete an upgrade or enhancement as planned, or an unexpected result of a technology upgrade, could affect the security or availability of our products and services and could lead to loss of traffic, customers and revenue. A cybersecurity incident or other disruption could also trigger enhanced regulatory scrutiny and disclosure obligations, including under SEC cybersecurity incident reporting requirements, and could result in reputational harm, litigation, enforcement actions, remediation costs, business interruption and loss of revenue. Additionally, our reliance on third-party cloud, hosting, communications, payments and other service providers increases the risk that a disruption, outage or security incident at a third party could adversely affect our operations, and we may have limited ability to control or remediate such incidents. Although we have undertaken measures intended to protect the safety and security of our information technology systems and the information technology systems of our third-party providers and the data therein, there can be no assurance that disruptions, failures and cybersecurity incidents will not occur or, if they do occur, that they will be adequately addressed in a timely manner.

Our business is dependent on keeping pace with advances in technology. If we are unable to keep pace with advances in technology, consumers and customers may stop using our services and our revenue may decrease.

The Internet and electronic commerce are characterized by rapid technological change, changes in consumer and customer requirements and expectations, frequent new service and product introductions incorporating new

technologies, including mobile applications, generative AI and the emergence of new industry standards and practices that could render our existing sites, mobile applications and technology obsolete. These market characteristics are intensified by the emerging nature of the market and the fact that many companies are expected to introduce new products and services in the near future. If we are unable to adapt to changing technologies, our business, results of operations or financial condition may be materially and adversely affected.

We rely on third-party service providers for many aspects of our business, including inventory information and sales of our product through social media, and interruptions in the services or data they provide or any failure to maintain these relationships could harm our business.

Our business relies on the collection, use and analysis of third-party data, including large amounts of inventory, vehicle and consumer information, and integrations with third-party systems, such as inventory management systems, customer relationship management systems and dealer management systems, for the benefit of our car buying consumers and customers. We use information about automobiles, inventory, ownership history and pricing from third parties, including OEMs, dealers and others, in various aspects of our business. We also partner with social media platforms, such as Facebook and Instagram, to leverage our valuable audience data to serve native advertisements and display real-time inventory for both dealers and OEMs to in-market car shoppers. Third party service providers may develop, acquire or integrate products or services that compete directly with our solutions or reduce the need for customers to use our platforms. If the third parties bundle competing functionality into their core offerings, restrict access to APIs or integrations, are unable or unwilling to provide data or services, modify licensing terms, increase pricing, restrict our use of data, experience difficulty meeting our requirements or standards, or revoke or fail to renew our licenses or partnerships, we could have difficulty operating key aspects of our business. In addition, if these third-party service providers were to cease operations, temporarily or permanently, face financial distress or other business disruption or increase their fees, or if our relationship with these providers were to deteriorate, we could suffer increased costs and delays in our ability to provide our products to consumers and customers until a comparable provider is identified or until we develop replacement technology or operations.

We rely on third-party services to track and calculate certain of our key metrics, including unique visitors and traffic, and any errors or interruptions in the services or data they provide or any failure to maintain these relationships could harm our business.

Certain of our key metrics, such as the number of our unique visitors and our traffic, are measured with third-party tools. While these numbers are based on what we believe to be reasonable calculations for the applicable periods of measurement, measurement methodologies exhibit a level of accuracy risk because of a variety of factors. For example, we have discovered that portions of our traffic have been attributable to non-human traffic. Because this non-human traffic generally exhibits detectable anomalous patterns, our reported traffic metrics for impacted periods reflects an adjustment to remove non-human traffic. We expect to continue to make similar adjustments in the future if we determine that our traffic metrics are materially impacted by invalid traffic.

There are also inherent challenges in measuring usage across our large consumer base. For example, because these metrics are based on consumers with unique cookies, an individual who accesses our website from multiple devices with different cookies may be counted as multiple unique visitors, and multiple individuals who access our website from a shared device with a single cookie may be counted as a single unique visitor. In addition, although we use technology designed to block low quality traffic, we may not be able to prevent all such traffic, and such technology may have the effect of blocking some valid traffic. Further, consumers may have the ability to change privacy settings and opt-out of certain features and/or website tracking, which could reduce the quality of data we receive. For these and other reasons, our traffic and unique visitor metrics may not accurately reflect the number of people actually using our platform.

Our measures of traffic and other key metrics may differ from estimates published by third parties (other than those whose data we use to calculate our key metrics) or from similar metrics of our competitors. We continually seek to improve our ability to measure these key metrics, and regularly review our processes to assess potential improvements to their accuracy. However, the improvement of our tools and methodologies could cause inconsistency between current data and previously reported data.

Additionally, as both the industry in which we operate and our business continue to evolve, so too might the metrics by which we evaluate our business. We may revise or cease reporting metrics if we determine such metrics are no longer accurate or appropriate measures of our performance. If our audience, customers and stockholders do not perceive our metrics to be accurate representations, or if we discover material inaccuracies in our metrics, our reputation may be harmed.

Risks Related to Data Privacy and Security

We rely on technology systems' availability and ability to prevent unauthorized access. If our security and resiliency measures fail to prevent incidents, it could result in damage to our reputation, incur costs and create liabilities.

Like other technology-based businesses, our platform may be subject to attacks from computer viruses, break-ins, phishing attacks, ransomware attacks, unauthorized use, attempts to overload services with denial-of-service and other attacks. Any cybersecurity threat, incident or disruption could negatively impact our ability to attract new consumers, dealers or customers and could deter current consumers, dealers or customers from using our solutions, or subject us to lawsuits, regulatory investigations and fines or other action or liability.

- **Availability:** We rely on technology systems' availability to deliver services to consumers, dealers, OEMs, employees and partners. If we experience a disruption that results in performance or availability degradation, up to and including the complete shutdown of our sites or mobile applications, revenue could be impacted and consumers, dealers or customers may lose trust and confidence in us, decrease their use of our solutions or stop using our solutions entirely.
- **Data Protection (Consumers/Dealers/OEMs):** We process, store, share and disclose certain limited personal information and other data provided by consumers, dealers and OEMs, including names, addresses and certain location information used in geo-fencing. Failure to protect consumer or customer data, to comply with applicable laws or regulations or to provide consumers or customers with appropriate notice of our privacy practices, could negatively impact our reputation and competitive position, and could result in litigation with third parties, and liabilities imposed by federal and state regulatory agencies or courts. In addition, we could be subject to evolving laws and regulatory standards that impose data use obligations, data breach notification requirements, specific data security obligations, restrictions on solicitation and use or other consumer privacy-related requirements.
- **Data Protection (Internal):** We process and store company information that may be considered sensitive or valuable intellectual property in the normal operations of human resources, finance, legal, marketing, software development, product management, mergers and acquisitions and other business functions. Failure to protect sensitive company information or intellectual property may result in loss of competitive advantage, reputation damage, direct and indirect costs and other liabilities. Failure to protect material financial information including financial performance and merger and acquisition data could also subject us to liabilities imposed by federal and state regulatory agencies or courts.

We rely on, among other security measures, firewalls, anti-malware, intrusion prevention systems, distributed denial-of-service mitigation services, web content filtering, encryption and authentication technology licensed from third parties. We also depend on the security of our networks and partially on the security of our third-party service providers.

Although we believe that our resiliency planning and security controls are appropriate to our exposures to system outages, service interruptions, cybersecurity incidents and threats, there is no guarantee that these plans and controls will prevent all such incidents. Techniques used to disable or degrade service or gain unauthorized access to systems or data change frequently and may not be recognized until damage is detected. We maintain cyber risk insurance, but this insurance may not be sufficient to cover all losses from any future disruption or cybersecurity incident, or that such insurance will continue to be available on terms acceptable to us. Despite our resiliency planning and security controls, if our technology systems, or those of our third-party providers, are damaged, breached, interrupted, or cease to function properly for any reason, and, if our resiliency planning and security controls do not effectively resolve the incident on a timely basis, we may suffer interruptions in our ability to manage or conduct business and we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, which may materially and adversely impact our business, financial condition, or results of operations.

If the use of third-party cookies or other tracking technologies is rejected by Internet browsers or service providers or users, restricted or blocked, or subject to unfavorable laws or regulations, the amount of Internet user information would decrease, which may harm our business and operating results.

Digital advertising relies on the ability to uniquely identify devices across websites and applications and to collect data about user interactions to attribute. We use unique identifiers stored in third-party cookies provided by device operating systems for advertising purposes, including off-site marketing, tracking consumer actions on customers' websites, providing relevant ads, optimizing and measuring the effectiveness of advertising on our platform, and communicating

with or understanding the identity of consumers. We provide consumers the ability to adjust their settings with respect to the use and deployment of third-party cookies on their devices.

The most commonly used Internet browsers—Chrome, Firefox and Edge—allow Internet users to modify their browser settings to block third-party cookies. Additionally, some browsers currently, or may in the future, block or limit some third-party cookies by default or may implement user control settings that block or limit some cookies. Some Internet users also download free or paid ad-blocking software that prevents third-party cookies from being stored on a user’s computer.

The largest mobile operating systems are iOS and Android, and both impose limitations on the ability of cookies or similar technologies to track consumers. In addition, Apple introduced changes to its iOS operating system that require users to affirmatively opt in to allow applications to track their activity for advertising purposes. A significant number of users have elected to disable such tracking, which has inhibited our ability to retarget users who access our mobile applications and have opted out of ad tracking and limited our ability to attribute advertising performance across devices and platforms.

In addition, state, federal and international governmental authorities continue to evaluate the privacy implications inherent in the use of cookies and other tracking technologies and have enacted or are considering enacting laws or regulations that could significantly restrict the ability of companies to use third-party cookies and other online tracking technologies, such as those that require recognition of universal opt-out mechanisms like the Global Privacy Control. Courts, too, have evaluated privacy-related implications associated with website tracking technologies, often allowing litigants to pursue legal action (including in the form of class actions) under certain wiretapping statutes when individuals have not consented to such tracking.

Increased restriction of the use of third-party cookies and other tracking technologies and any decline of cookies or similar online tracking technologies as a means to identify and potentially target users, as well as business decisions made in response to litigation risks associated with the use of certain tracking technologies and practices, could limit our ability to effectively retain existing customers or acquire new customers, reduce the efficacy of our off-site marketing solutions and consequently, materially adversely affect our business, financial condition and operating results.

Our ability to attract and retain customers depends on our ability to collect and use data and develop tools to enable us to effectively deliver and accurately measure advertisements on our platform.

Most customers rely on tools that measure the effectiveness of their ad campaigns in order to allocate their advertising spend among various formats and platforms. If we are unable to measure the effectiveness of advertising on our platform or are unable to convince customers that our platform should be part of a larger advertising budget, our ability to increase the demand and pricing of our advertising products and maintain or scale our revenue may be limited. Our tools may be less developed than those of other platforms with which we compete for advertising spend. Therefore, our ability to develop and offer tools that accurately measure the effectiveness of a campaign on our platform is critical to our ability to attract new customers and retain and increase spend from our existing customers.

We are continually developing and improving these tools and such efforts have required and are likely to continue to require significant time, resources and additional investment, and in some cases, we have relied on and may in the future rely on third parties to provide data and technology needed to provide certain measurement data to our customers. If we cannot continue to develop and improve our advertising tools in a timely fashion, those tools are unreliable, or the measurement results are inconsistent with customer goals, our advertising revenue could be adversely affected.

Developers may release additional technology that further inhibits our ability to collect data that allows us to measure the effectiveness of advertising on our platform. Any other restriction, whether by law, regulation, policy (including third-party policies) or otherwise, on our ability to collect and share data which our customers find useful, our ability to use or benefit from tracking and measurement technologies, including cookies, or that further reduces our ability to measure the effectiveness of advertising on our platform would impede our ability to attract, grow and retain customers. Customers and other third parties who provide data that helps us deliver personalized, relevant advertising may restrict or stop sharing this data. If they stop sharing this data with us, it may not be possible for us to collect this data within the product or from another source.

We rely heavily on our ability to collect and share data and metrics to help new and existing customers understand the performance of advertising campaigns. If customers do not perceive our metrics to be accurate representations of our consumer base and consumer engagement or if we discover inaccuracies in our metrics, they may be less willing to allocate their budgets or resources to our platform, which could harm our business, revenue and financial results.

Uncertainty exists in the application and interpretation of various laws and regulations related to our business, including privacy laws. New privacy concerns or laws or regulations applicable to our business, or the expansion or interpretation of existing laws and regulations that apply to our business, could reduce the effectiveness of our offerings or subject us to use restrictions, licensing requirements, claims, judgments and remedies including sales and use taxes, other monetary liabilities and limitations on our business practices, and could increase administrative costs.

We operate in a regulatory climate in which there is uncertainty as to the applicability of various laws and regulations related to our business. Our business could be significantly affected by different interpretations or applications of existing laws or regulations, future laws or regulations, including changes to the corporate tax rate or actions or rulings by judicial or regulatory authorities.

Our operations may be subject to adoption, expansion or interpretation of various laws and regulations, and compliance with these laws and regulations may be challenging and could even require us to obtain licenses at an undeterminable and possibly significant expense. Similarly, state tax authorities could take aggressive positions as to whether certain of our products are subject to sales and use taxes, leading to increased tax exposure. These additional expenditures may materially and adversely affect our future results of operations, whether directly through increasing future overhead or indirectly by forcing us to pass on these additional costs to our customers, making our solutions less competitive. There can be no assurances that future laws or regulations or interpretations or expansions of existing laws or regulations will not impose requirements on Internet commerce that could substantially impair the growth of e-commerce and adversely affect our business, results of operations or financial condition. The adoption of additional laws or regulations may decrease the efficacy of our offerings, restrict our present business practices, require us to implement costly compliance procedures or expose us and/or our customers to potential liability.

We may be considered to “operate” or “do business” in states where our customers conduct their businesses, resulting in possible regulatory action. If any state licensing laws were determined to be applicable to us and if we are required to be licensed and are unable to do so or are otherwise unable to comply with laws or regulations, we could be subject to fines or other penalties or be compelled to discontinue operations in those states. If any state’s regulatory requirements impose state-specific requirements on us or include us within an industry-specific regulatory scheme, we may be required to modify our marketing programs in that state in a manner that may undermine such program’s attractiveness to consumers or customers. Alternatively, if we determine that the licensing and related requirements are overly burdensome, we may elect to terminate operations in that state.

All states comprehensively regulate vehicle sales and lease transactions and include strict licensure requirements for dealers (and, in some states, brokers) and vehicle advertising. We believe that most of these laws and regulations specifically apply only to traditional vehicle purchase and lease transactions, not Internet-based lead referral programs like ours. If we determine that the licensing or other regulatory requirements in a state are applicable to us or to a particular marketing services program, we may elect to obtain the required licenses and comply with applicable regulatory requirements. However, if licensing or other regulatory requirements are overly burdensome, we may elect to terminate operations or particular marketing services programs in that state or elect to not introduce particular marketing services programs in that state. As we introduce new services, we may incur additional costs associated with additional licensing regulations and regulatory requirements.

Misappropriation or infringement of our intellectual property and proprietary rights, enforcement actions to protect our intellectual property and claims from third parties relating to intellectual property could materially and adversely affect our business, results of operations or financial condition.

Litigation regarding intellectual property rights is common in the Internet and technology industries. We expect that Internet technologies and software products and services may be increasingly subject to third-party infringement claims as the number of competitors in our industry segment grows and the functionality of products in different industry segments overlaps. Our ability to compete depends upon our proprietary systems and technology. While we rely on intellectual property laws, confidentiality agreements and technical measures to protect our proprietary rights, we believe that the technical and creative skills of our personnel, continued development of our proprietary systems and technology, brand name recognition and reliable website maintenance are essential in establishing and maintaining a leadership position and strengthening our brands. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our services or obtain and use information that we regard as proprietary. Policing unauthorized use of our proprietary rights is difficult and may be expensive. We can provide no assurance that the steps we take will prevent misappropriation of technology or that the agreements entered into for that purpose will be enforceable. Effective trademark, service mark, patent, copyright and trade secret protection may not be available when

our products and services are made available online. In addition, if litigation becomes necessary to enforce or protect our intellectual property rights or to defend against claims of infringement or invalidity, such litigation, even if successful, could result in substantial costs and diversion of resources and management attention. We also cannot provide any assurance that our products and services do not infringe on the intellectual property rights of third parties. Claims of infringement, even if unsuccessful, could result in substantial costs and diversion of resources and management attention. If unsuccessful, we may be subject to preliminary and permanent injunctive relief and monetary damages, which may be trebled in the case of willful infringements.

General Risks

Our ability to operate effectively could be impaired if we fail to attract and retain our key employees.

Our success depends, in part, upon the continuing contributions of our executive officers, including our Chief Executive Officer and other key employees, and our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees, such as individuals with technical skills in a rapidly changing technological environment. Additionally, as the workforce landscape changes due to the shift to a virtual first environment, we must compete to attract and retain employees. All of our employees including our executive officers can terminate their employment with us at any time. We do not maintain key person life insurance policies on any of our employees. The loss of the services of any of our key employees or the failure to attract or replace qualified employees may have a material and adverse effect on our business.

Adverse results from litigation or governmental investigations could impact our business practices and operating results.

We face potential liability and expense for legal claims relating to the information that we publish on our sites and mobile applications, including claims for defamation, libel, negligence and copyright or trademark infringement, among others. We may be subject to claims based on the advertising of our business. Any such claims that we face in the future could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be compelled to remove content or may be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims. If we elect or are compelled to remove valuable content from our sites or mobile applications, our platforms may become less useful to consumers and our traffic may decline.

The value of our existing goodwill and intangible assets may become impaired depending upon future operating results.

Our goodwill and other intangible assets were approximately \$694.3 million as of December 31, 2025, representing approximately 65% of our total assets. We evaluate our goodwill and other intangible assets to determine whether all or a portion of their carrying values may no longer be recoverable, in which case a charge to earnings may be necessary. Any future evaluations requiring an asset impairment charge for goodwill or other intangible assets would adversely affect future reported results of operations and stockholders' equity, although such charges would not affect our cash flow.

Risks Relating to our Common Stock

We cannot assure our stockholders that our share repurchase program will enhance long-term stockholder value and stock repurchases, if any, could increase the volatility of the price of our common stock and will diminish our cash reserves.

In February 2025, our Board of Directors authorized a share repurchase program to acquire up to \$250.0 million of our common stock over a three-year period. Under the share repurchase program, we can repurchase shares from time to time in open market transactions or through privately negotiated transactions in accordance with applicable federal securities laws and regulations. As of February 23, 2026, we repurchased approximately \$76.2 million of our common stock under the current program. The timing and amounts of any future purchases under the share repurchase program is dependent upon a variety of factors, including market conditions, price, regulatory requirements and other corporate considerations, as determined by our Board of Directors and management. The share repurchase program may be extended, suspended or discontinued at any time.

Any purchases under the share repurchase program could affect our stock price and increase its volatility. The existence of a share repurchase program could also cause our stock price to be higher than it would be in the absence of such a

program and could potentially reduce the market liquidity for our stock. Additionally, repurchases under our share repurchase program will diminish our cash reserves, which could strain our liquidity, could impact our ability to pursue possible future strategic opportunities and acquisitions and could result in lower overall returns on our cash balances. There can be no assurance that any further stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares of stock. Although our share repurchase program is intended to enhance long-term stockholder value, short-term stock price fluctuations could reduce the program's effectiveness.

We do not expect to pay any cash dividends for the foreseeable future.

We intend to retain future earnings to finance and grow our business or fund share repurchases. As a result, we do not expect to pay any cash dividends for the foreseeable future. All decisions regarding the payment of dividends will be made by our Board of Directors from time to time in accordance with applicable law. There can be no assurance that we will have sufficient surplus under Delaware law to be able to pay any dividends at any time in the future.

Your percentage of ownership in the Company may be diluted in the future.

In the future, your percentage ownership in the Company may be diluted because of equity awards that we will be granting to our directors, officers and employees or otherwise as a result of equity issuances for acquisitions or capital market transactions. Such awards will have a dilutive effect on our net income per share, which could adversely affect the market price of our common stock.

In addition, our Amended and Restated Certificate of Incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock that have such designation, powers, preferences and other relative, participating, optional and special rights, including preferences over our common stock with respect to dividends and distributions, as our Board of Directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock.

Certain provisions of our Amended and Restated Certificate of Incorporation, By-laws and Delaware law may discourage takeovers and limit our ability to use, acquire, or develop certain competing businesses.

Our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws contain certain provisions that may discourage, delay or prevent a change in our management or control over the Company. For example, our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws, collectively:

- authorize the issuance of preferred stock that could be used by our Board of Directors to thwart a takeover attempt;
- provide that vacancies on our Board of Directors, including vacancies resulting from an enlargement of our Board of Directors, may be filled only by a majority vote of directors then in office;
- place limits on which stockholders may call special meetings of stockholders, and limit the actions that may be taken at such meeting;
- prohibit stockholder action by written consent; and
- establish advance notice requirements for nominations of candidates for elections as directors or to bring other business before an annual meeting of our stockholders.

These provisions could discourage potential acquisition proposals and could delay or prevent a change in control, even though a majority of stockholders may consider such proposal, if effected, desirable. Such provisions could also make it more difficult for third parties to remove and replace the members of our Board of Directors. Moreover, these provisions may inhibit increases in the trading price of our common stock that may result from takeover attempts or speculation.

Our Amended and Restated Certificate of Incorporation designates the state courts of the State of Delaware, or, if no state court located in the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against us and our directors and officers.

Our Amended and Restated Certificate of Incorporation provides that, unless our Board of Directors otherwise determines, the state courts of the State of Delaware, or, if no state court located in the State of Delaware has jurisdiction,

the federal court for the District of Delaware, will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former directors or officers to us or to our stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty; any action asserting a claim against us or any of our current or former directors or officers arising pursuant to any provision of the Delaware General Corporation Law (the “DGCL”) or our Amended and Restated Certificate of Incorporation or By-laws; any action asserting a claim relating to or involving us that is governed by the internal affairs doctrine; or any action asserting an “internal corporate claim” as such term is defined in the DGCL. This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with the Company or our current or former directors or officers, which may discourage such lawsuits. Alternatively, if a court outside of Delaware were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions.

Our business could be negatively affected as a result of actions of activist stockholders, and such activism could impact the trading value of our common stock.

Stockholders may from time to time attempt to affect changes, engage in proxy solicitations or advance stockholder proposals. Activist stockholders may make strategic proposals related to our business, strategy, management or operations or may request changes to the composition of our Board of Directors. We cannot predict, and no assurances can be given as to, the outcome or timing of any such matters. In the event of a proxy contest, our business could be adversely affected. Responding to a proxy contest can be costly, time-consuming and disruptive, and can divert the attention of our management and employees from the operation of our business and execution of our strategic plan. Additionally, if individuals are elected to our Board of Directors with a specific agenda, it may adversely affect our ability to effectively implement our strategic plan and create additional value for our stockholders. Further, perceived uncertainties as to our future direction, including uncertainties related to the composition of our Board of Directors, may lead to the perception of instability or a change in the direction of our business, which may be exploited by our competitors, cause concern to current or potential customers, result in the loss of potential business opportunities, make it more difficult to attract and retain qualified employees and/or affect our relationships with vendors, customers and other third parties. Moreover, a proxy contest could cause significant fluctuations in the price of our common stock based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

Risks Relating to our Debt Agreements

Our debt agreements contain restrictions that may limit our flexibility in operating our business.

Our debt agreements contain various covenants that limit our flexibility in operating our businesses, including restrictions on certain types of transactions and a requirement that a portion of our cash flow from operations be used to service this debt, which reduces cash flow available for other corporate purposes, including capital expenditures and acquisitions. Subject to certain exceptions, these covenants restrict our ability and the ability of our subsidiaries to, among other things:

- permit liens on current or future assets,
- enter into certain corporate transactions,
- incur additional indebtedness,
- make certain payments or distributions,
- dispose of certain property,
- prepay or amend the terms of other indebtedness, and
- enter into transactions with affiliates.

Increases in interest rates could increase interest payable under our variable rate indebtedness.

Approximately 12.1% of our outstanding indebtedness as of December 31, 2025 includes variable rate indebtedness under our financing arrangements. As a result of this indebtedness, we are subject to interest rate risk. Our interest rates are based on a floating rate index, and changes in interest rates could increase the amount of our interest payments and

thus negatively impact our future earnings and cash flows. If we do not have sufficient cash flow to make interest payments, we may be required to refinance all or part of our outstanding debt, sell assets, borrow additional money or sell securities, none of which we can guarantee we would be able to complete on acceptable terms or at all.

Our debt levels could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, inhibit us from making beneficial acquisitions, adversely impact our ability to implement our capital allocation strategy and prevent us from making debt service payments. In addition, changing or increasing interest rates, including the rates under our debt agreements, could adversely affect our business or financial condition.

As a leveraged company, our ability to generate sufficient cash flow from operations to make scheduled payments on our debt will depend on a range of economic, competitive and business factors, many of which are outside our control. Our business may not generate sufficient cash flow from operations to meet our debt service and other obligations, and currently anticipated cost savings and operating improvements may not be realized on schedule, or at all. If we are unable to meet our expenses and debt service and other obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets or raise equity. We may not be able to refinance any of our indebtedness, sell assets or raise equity on commercially reasonable terms or at all, which could cause us to default on our obligations and impair our liquidity. Our inability to generate sufficient cash flow to satisfy our debt obligations or to refinance our obligations on commercially reasonable terms would have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our indebtedness could also have other important consequences with respect to our ability to manage and grow our business successfully, including the following:

- it may limit our ability to borrow money for our working capital, capital expenditures, strategic initiatives, acquisitions or other purposes;
- it may make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under our credit agreement and our other indebtedness;
- a portion of our cash flow from operations will be dedicated to the repayment of our indebtedness and so will not be available for other purposes;
- it may limit our flexibility in planning for, or reacting to, changes in our operations or business, or in taking advantage of strategic opportunities;
- at times we may be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- it may make us more vulnerable to downturns in our business or the economy;
- it may restrict us from making strategic acquisitions or divestitures, introducing new technologies or exploiting business opportunities; and
- along with the financial and other restrictive covenants in the documents governing our indebtedness, among other things, may limit our ability to borrow additional funds, make acquisitions or capital expenditures, acquire or dispose of assets or take certain of the actions mentioned above, or adversely impact our ability to implement our capital allocation strategy (which includes paying dividends on our common stock), any of which could restrict our operations and business plans.

Also, in spite of the limitations in our credit agreement, we may still incur significantly more debt, which could intensify the risks described above on our business, results and financial condition. For more information, see Note 6 (Debt) to the accompanying Consolidated Financial Statements included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Item 1B. Unresolved Staff Comments. None.

Item 1C. Cybersecurity.

Risk Management and Strategy. The cybersecurity program is part of our enterprise risk management program. We believe cybersecurity risk management is of the utmost importance. As a result, we have implemented an information security management system (the “ISMS”) designed to protect our infrastructure from potential threats and to allow us to assess, identify and manage material risks from cybersecurity threats as described in more detail below. The ISMS supports the security safeguards that are designed to protect the confidentiality, integrity, availability and contractual compliance of the Company, which includes the solutions and brands related to AccuTrade, Cars.com Marketplace, Cars Commerce Media Network, CreditIQ, D2C Media, Dealer Club and Dealer Inspire. In addition we engage with third parties to contribute and provide independent evaluation of our existing cybersecurity practices.

Protect. Our employees receive annual security awareness training to understand the behaviors and technical requirements necessary to protect information. We also conduct annual phishing awareness exercises to educate employees to recognize and report suspicious activity.

Assess. In addition to in-house assessments, we engage with security and technology vendors to assess our information security and cybersecurity program and test our technical capabilities, including conducting penetration testing. We conduct risk assessments and audits to identify new risks and include any newly identified risks in remediation planning, as well as to confirm that previously identified risks have been remediated.

Identify. We use several methods to identify cybersecurity threats and incidents, including, but not limited to, security alert tools, log monitoring by systems engineers working on operational incidents that are later determined to be security incidents, or suspicious activity reported directly by employees. We have developed security incident response procedures to (1) assess cybersecurity incidents, (2) identify and implement containment measures, (3) preserve evidence, (4) log response activities and (5) determine corrective actions to prevent similar incidents.

Respond and Manage. When detected, suspected cybersecurity threats or incidents are escalated to the Information Security Team (as described below) in various ways based on the nature of the cybersecurity incident, including but not limited to system engineer escalation, our helpdesk and in-house and third-party security tools. Our employees are also responsible for reporting any suspected cybersecurity or information security event that they observe or experience as soon as possible, by either contacting the Company’s helpdesk, or the Information Security Team directly. The Information Security Team then creates a Security Incident Response Team (“SIRT”) which, depending on the incident, is comprised of cybersecurity staff, Systems and Network Engineers, the Chief Technology Officer and the Chief Legal Officer, or other stakeholders as appropriate. The SIRT investigates and manages the impact of cybersecurity incidents in accordance with the cybersecurity incident response procedures.

Report. Following the conclusion of a cybersecurity investigation, the SIRT prepares a report for the Information Security Governance Committee, as appropriate. The report includes information about the incident and, details about the response and includes recommendations to prevent similar cybersecurity events from occurring in the future. Additionally, the Information Security Team provides the Audit Committee and the Board with regular updates on cybersecurity matters, including recent cybersecurity threats and incidents and ongoing efforts to prevent, detect and respond to internal and external cybersecurity threats.

As of the date of this Report, we are not aware of any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected, or are reasonably likely to materially affect, the Company, including our business strategy, results of operations or financial condition. However, there can be no assurance that our cybersecurity prevention and mitigation efforts have been or will continue to prevent possible cybersecurity threats or whether a cybersecurity threat could have a material adverse effect on our business strategy, results of operations or financial condition. See “Risks Related to Technology” in “Risk Factors” of this Report.

Third-Party Service Providers. We manage third-party service provider cybersecurity risks through contract management, evaluation of applicable security control assessments and third-party risk assessment processes.

Governance. The Board of Directors provides strategic guidance regarding our overall risk oversight, including identification, assessment, management and mitigation of risk. The Board has delegated direct cybersecurity and information security risk oversight to the Audit Committee. Our management provides the Audit Committee with regular updates at least quarterly regarding the effectiveness of our overall cybersecurity program and other cybersecurity related matters, which may include, our inherent cybersecurity risks, updates on recent cybersecurity threats and incidents, policies and practices, industry trends, regulatory developments, threat environment and

vulnerability assessments and specific and ongoing efforts to prevent, detect and respond to internal and external cybersecurity threats. The Chair of the Audit Committee informs the Board of the outcome of these meetings through updates presented to the Board at regularly scheduled Board meetings.

Our Chief Technology Officer and Senior Vice President of Information Security manage our Information Security function and team. Our Chief Technology Officer has served in this role since 2025. Prior to joining the Company, he served as Chief Technology Officer of Envoy and previously held the same role at OpenTable and oversaw security in both of these roles. Our Senior Vice President of Information Security has served in this role since 2024. Prior to joining the Company, he served as Chief Information Security Officer at Boomi and previously held the same role at Ancestry.com. The Information Security Team is composed of skilled professionals with relevant information and cybersecurity education, certifications and experience. The Information Security Team coordinates with the Information Security Governance Committee, comprised of senior business leaders who support our Information Security Management System based on their area of expertise. Our Information Security Team, in conjunction with the Information Security Governance Committee, assesses and manages material risks from cybersecurity threats and provides management direction and support for information security.

Item 2. Properties. We do not own any material real property. Our principal executive offices are located in Chicago, Illinois. We also lease a production studio in Chicago, Illinois, property in Sarasota, Florida and administrative offices in Canada.

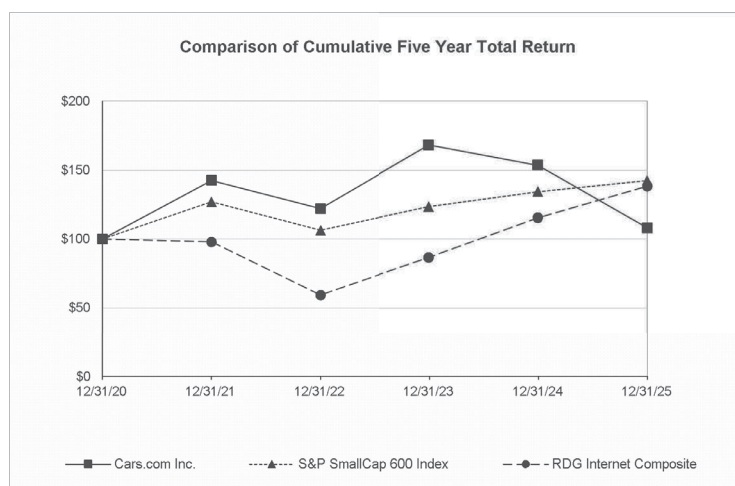
Item 3. Legal Proceedings. From time to time, the Company and its subsidiaries may become involved in actions, claims, suits or other legal or administrative proceedings arising in the ordinary course of business. The Company does not expect, based on circumstances currently known, that the ultimate resolution of any of these proceedings will have, either individually or in the aggregate, a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. We hereby incorporate by reference Note 8 (Commitments and Contingencies) to the Consolidated Financial Statements included in Part II, Item 8. "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures. None.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities. Our common stock is listed on the NYSE under the symbol “CARS.” Based on reports by our transfer agent for our common stock, as of February 23, 2026, there were 3,644 holders of record of our common stock.

Cumulative Stockholder Return Graph. The following graph shows the cumulative total stockholder return for our common stock for each of the last five fiscal years ended December 31, 2025. The graph also shows the cumulative returns of Standard and Poor’s (“S&P”) SmallCap 600 Index and Research Data Group’s (“RDG”) Internet Composite Index, both of which we are a member. The comparison assumes \$100 was invested on December 31, 2020 in our common stock and each index.



Purchases of Equity Securities by Issuer. Our share repurchase activity for the three months ended December 31, 2025 is as follows:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands) ⁽³⁾
October 1 through October 31, 2025	643,214	\$11.04	643,214	\$188,770
November 1 through November 30, 2025	613,983	11.28	613,983	181,843
December 1 through December 31, 2025	643,364	12.45	643,364	173,831
	<u>1,900,561</u>		<u>1,900,561</u>	

- (1) The total number of shares purchased and subsequently retired and the average price paid per share reflects shares purchased pursuant to the share repurchase program. Our stock repurchases may occur through open market purchases or through privately negotiated transactions.
- (2) On February 27, 2025, we announced that our Board of Directors authorized a three-year share repurchase program to acquire up to \$250.0 million of our common stock. We may repurchase shares from time to time in open market transactions or through privately negotiated transactions in accordance with applicable federal securities laws and other applicable legal requirements, and subject to our blackout periods. The timing and amounts of any purchases under the share repurchase program will be based on market conditions and other factors including price. The share repurchase program may be suspended or discontinued at any time and does not obligate us to repurchase any dollar amount or particular amount of shares.
- (3) The amounts presented represent the remaining dollar amount of shares of our common stock that may be repurchased under the share repurchase program at the end of each month.

Dividends. We have never declared or paid any cash dividends on our capital stock, and we do not currently intend to pay any cash dividends for the foreseeable future. Any future determination to pay dividends on our common stock will be made by the Board of Directors and will depend upon, among other factors, our financial condition, operating results, current and anticipated cash needs, plans for expansion and other factors that the Board of Directors may deem relevant. In addition, the terms of our credit facilities contain restrictions on our ability to declare and pay cash dividends on our capital stock.

Recent Sales of Unregistered Securities. None.

Use of Proceeds from Registered Securities. None.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our business, financial condition, results of operations and quantitative and qualitative disclosures should be read in conjunction with our Consolidated Financial Statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion and analysis also contains forward-looking statements and should be read in conjunction with the disclosures and information contained in “Note About Forward-Looking Statements” and “Risk Factors” in this Annual Report on Form 10-K. The financial information discussed below and included elsewhere in this Annual Report on Form 10-K may not necessarily reflect what our financial condition, results of operations and cash flows may be in the future.

References in this discussion and analysis to “we,” “us,” “our” and similar terms refer to Cars.com Inc. and its subsidiaries, collectively, unless the context indicates otherwise.

Business Overview. Cars.com Inc. is a trusted audience-powered and data-driven technology platform that simplifies buying and selling cars. The flagship Cars.com marketplace connects millions of consumers to dealerships across the U.S., powering the car buying experience with artificial intelligence (“AI”) shopping tools and comprehensive vehicle reviews and content. Our interconnected ecosystem of products enables dealers and OEMs to sell more cars by efficiently leveraging our marketplace, dealer websites, trade and appraisal tools and proprietary in-market media solutions.

Overview of Results

<i>(In thousands)</i>	Year Ended December 31,		
	2025	2024	2023
Revenue	\$723,239	\$719,152	\$689,183
Net income ⁽¹⁾	20,052	48,188	118,442

(1) Net income for the year ended December 31, 2023 is primarily related to the release of a significant portion of our valuation allowance for deferred tax assets that had been recorded as a result of the 2020 goodwill and indefinite-lived intangible asset impairments. For more information, see Note 12 (Income Taxes) to the accompanying Consolidated Financial Statements included in Part II, Item 8. “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Key Operating Metrics

We regularly review a number of key metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make operating and strategic decisions. Key Operating Metrics are as follows (Traffic and Average Monthly Unique Visitors in thousands):

	Year Ended December 31,		
	2025	2024	% Change
Average Monthly Unique Visitors	25,708	25,517	1%
Traffic	627,141	627,556	(0)%
Monthly Average Revenue Per Dealer - Annual	\$ 2,460	\$ 2,483	(1)%

	December 31, 2025	December 31, 2024	YoY % Change	September 30, 2025	QoQ % Change
Dealer Customers	19,544	19,206	2%	19,526	0%
Monthly Average Revenue Per Dealer - Quarterly	\$ 2,472	\$ 2,475	(0)%	\$ 2,460	0%

Average Monthly Unique Visitors (“UVs”) and Traffic. UVs and Traffic are fundamental to our business. They are indicative of our consumer reach and the level of engagement consumers have with our platform. Although our consumer engagement does not directly result in revenue, we believe our ability to reach in-market car shoppers is attractive to our dealers, OEMs and national customers and a primary reason they do business with us. We believe we have achieved audience scale as measured by UVs and Traffic. Traffic is driven by a combination of UVs visiting our properties, repeat visitation and engagement. We monetize impressions, clicks and other connections that result from traffic to our site via our products and services.

We define UVs in a given month as the number of distinct visitors that engage with our platform during that month. Visitors are identified upon first visit to an individual Cars.com property on an individual device/browser combination

or installation of 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. Traffic is defined as the number of visits to Cars.com desktop and mobile properties (responsive sites and mobile apps). We measure UVs and Traffic via RudderStack. These metrics do not include traffic to Dealer Inspire, D2C Media or DealerClub websites.

UVs increased 1% year-over-year and Traffic remained flat year-over-year for the year ended December 31, 2025, reflecting the impacts of tariff-motivated consumer demand at the beginning of the year and tactical improvements in the marketing mix throughout the year, partially offset by depressed consumer demand due to the federal government shutdown at the end of the year.

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. Dealer Customer metrics do not include DealerClub.

Dealer Customers increased 2% from December 31, 2024, primarily due to an increase in marketplace customers. Dealer Customers remained flat from September 30, 2025.

Monthly 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 and DealerClub, during the period divided by the monthly average number of Dealer Customers during the same period.

For the annual period of 2025, ARPD decreased 1% compared to the annual period 2024, primarily due to changes in our customer and product mix.

For the three months ended December 31, 2025, ARPD remained flat compared to the three months ended December 31, 2024, primarily due to marketplace repackaging, offset by changes in our customer and product mix.

For the three months ended December 31, 2025, ARPD remained flat compared to the three months ended September 30, 2025, primarily due to changes in our customer and product mix.

Factors Affecting Our Performance. Our business is impacted by changes in the larger automotive ecosystem, including supply and demand for new and used vehicle inventory, global supply chain and information systems disruptions, semiconductor and raw material shortages, vehicle acquisition cost, vehicle retail prices, the rate of electric vehicle adoption, employee retention and changes related to automotive advertising, among other macroeconomic factors including the political environment, inflationary and affordability pressures, tariffs and prevailing interest rates. Changes in vehicle sales volumes in the United States and Canada also influence OEMs’ and dealerships’ willingness to increase investments in marketing spend and technology solutions and could impact our pricing strategies and/or revenue mix.

Our long-term success will depend in part on our ability to attract and engage an in-market audience, to grow inventory supply and our dealer customers, to expand our relationship with dealers through greater adoption of our product offering, to transform our OEM relationships and to create operating leverage. We believe our core strategic strengths, including our Cars.com brand, growing high-quality audience and suite of digital solutions for dealers and OEMs, including AI-based tools, will assist us as we navigate a rapidly changing automotive environment.

Results of Operations

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

(In thousands, except percentages)	2025	2024	\$ Change	% Change
Revenue:				
Dealer	\$644,053	\$640,722	\$ 3,331	1%
OEM and National	65,305	65,894	(589)	(1)%
Other	13,881	12,536	1,345	11%
Total revenue	<u>723,239</u>	<u>719,152</u>	<u>4,087</u>	<u>1%</u>
Operating expenses:				
Cost of revenue and operations	123,328	124,332	(1,004)	(1)%
Product and technology	117,330	117,875	(545)	(0)%
Marketing and sales	239,365	232,280	7,085	3%
General and administrative	91,124	83,985	7,139	9%
Depreciation and amortization	91,842	107,182	(15,340)	(14)%
Total operating expenses	<u>662,989</u>	<u>665,654</u>	<u>(2,665)</u>	<u>(0)%</u>
Operating income	<u>60,250</u>	<u>53,498</u>	<u>6,752</u>	<u>13%</u>
Nonoperating expense:				
Interest expense, net	(30,382)	(32,197)	1,815	(6)%
Other income, net	4,438	40,562	(36,124)	(89)%
Total nonoperating (expense) income, net	<u>(25,944)</u>	<u>8,365</u>	<u>(34,309)</u>	<u>***</u>
Income before income taxes	34,306	61,863	(27,557)	(45)%
Income tax expense	14,254	13,675	579	4%
Net income	<u>\$ 20,052</u>	<u>\$ 48,188</u>	<u>\$(28,136)</u>	<u>(58)%</u>

*** Not meaningful

Dealer revenue. Dealer revenue is typically subscription-oriented and consists of marketplace, digital experience, including website solutions, trade and appraisal and media products sold to dealer customers. Dealer revenue is our largest revenue stream, representing 89% of total revenue for both the years ended December 31, 2025 and 2024. Dealer revenue increased \$3.3 million or 1%, primarily due to continued growth in solutions, partially offset by declines in marketplace and media, as a result of lower average dealer count during the first half of 2025 and changes in our customer mix.

OEM and National revenue. OEM and National revenue largely consists of media solutions products, including display advertising and other solutions sold to OEMs, advertising agencies, automotive dealer associations and auto adjacent businesses, including insurance companies. OEM and National revenue represented 9% of total revenue for both the years ended December 31, 2025 and 2024. OEM and National revenue decreased \$0.6 million or 1%, which we believe is primarily due to shifts in spending by OEM partners.

Other revenue. Other revenue primarily consists of revenue related to vehicle listing data sold to third parties. Other revenue represented 2% of total revenue for both the years ended December 31, 2025 and 2024. Other revenue increased \$1.3 million or 11%.

Cost of revenue and operations. Cost of revenue and operations expense primarily consists of costs related to processing dealer vehicle inventory, product fulfillment and compensation and severance costs for the product fulfillment and customer service teams. Cost of revenue and operations expense represented 17% of total revenue for both the years ended December 31, 2025 and 2024. Cost of revenue and operations decreased \$1.0 million or 1%, primarily due to lower compensation expense, partially offset by higher third-party costs associated with certain products driven by slight shifts in product mix.

Product and technology. The product team creates and manages consumer and customer-facing innovation and consumer and customer experience. The technology team develops and supports our products, websites and mobile apps. Product and technology expense includes compensation costs, consulting and contractor costs, hardware and software maintenance, software licenses, other infrastructure costs, costs related to the write-off of assets and severance costs. Product and technology expense represented 16% of total revenue for both the years ended December 31, 2025

and 2024. Product and technology expense decreased \$0.5 million, primarily due to lower stock-based compensation, partially offset by incremental costs related to the acquisition of DealerClub Inc. (“DealerClub”). For more information related to the acquisition see Note 3 (Business Combinations) to the accompanying Consolidated Financial Statements included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Marketing and sales. Marketing and sales expense primarily consists of traffic and lead acquisition costs, performance and brand marketing, trade events, compensation costs and travel for the marketing, sales and sales support teams, severance costs and bad debt expense related to the allowance for doubtful accounts. Marketing and sales expense represented 33% and 32% of total revenue for the years ended December 31, 2025 and 2024, respectively. Marketing and sales expense increased \$7.1 million or 3%, primarily due to higher compensation, including stock-based compensation, and severance-related costs, as well as changes in our marketing investment, partially offset by lower bad debt expense.

General and administrative. General and administrative expense primarily consists of compensation costs for certain executive, finance, legal, human resources, facilities and other administrative employees. In addition, general and administrative expense includes the cost of office space, legal, accounting and other professional services, transaction-related costs, severance costs and transformation and other exit costs. General and administrative expense represented 13% and 12% of total revenue for the years ended December 31, 2025 and 2024, respectively. General and administrative expense increased \$7.1 million or 9%, primarily due to higher compensation, including stock-based compensation, severance-related and third-party costs, partially offset by lower costs associated with our amended headquarters office lease.

Depreciation and amortization. Depreciation and amortization expense decreased \$15.3 million or 14%, primarily due to certain assets being fully depreciated and amortized as compared to the prior-year period, partially offset by accelerated depreciation associated with our amended headquarters office lease.

Interest expense, net. Interest expense, net decreased \$1.8 million or 6%, primarily due to a reduction in total indebtedness compared to the prior-year period and lower interest rates. For information related to our debt, see Note 6 (Debt) to the accompanying Consolidated Financial Statements included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Other income, net. Other income, net changed primarily due to the change in the fair value of contingent consideration associated with the Accu-Trade, LLC and CreditIQ, Inc. acquisitions and the \$10.8 million gain on the sale of our RepairPal, Inc. (“RepairPal”) equity investment, both of which were recorded in the prior period, partially offset by the impact of foreign exchange rates. For more information on the sale of our RepairPal equity investment, see Note 2 (Significant Accounting Policies) to the accompanying Consolidated Financial Statements included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Income tax expense. Our effective income tax rate increased to 41.5% from 22.1% in the prior-year period. The increase is primarily due to an outsized impact of state income taxes, net of federal income tax effect and nondeductible items, partially offset by the benefit of tax credits on substantially lower pre-tax income as compared to the prior-year period. Our effective income tax rate is generally more volatile at lower amounts of pre-tax income since the impact of our reconciling items is greater. For more information, see Note 12 (Income Taxes) to the Consolidated Financial Statements included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

The comparison of the 2024 results with 2023 can be found under the heading “Year Ended December 31, 2024 Compared to Year Ended December 31, 2023” in “Part II, Item 7., Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of our 2024 Form 10-K, which comparison is incorporated by reference herein.

Liquidity and Capital Resources

Overview. Our primary sources of liquidity are cash flows from operations, available cash reserves and borrowing capacity available under our credit facility. We believe our positive operating cash flow, along with our \$350.0 million revolving loan due in 2029 (“Revolving Loan”), provide adequate liquidity to meet our business needs for the next twelve months and beyond, including those for investments, debt service, share repurchases and strategic acquisitions. However, our ability to maintain adequate liquidity in the future is dependent upon a number of factors, including our

revenue, our ability to contain costs, including capital expenditures, and to collect accounts receivable and various other macroeconomic factors, many of which are beyond our direct control.

We may also seek to raise funds through debt or equity financing in the future to fund operations, significant investments or acquisitions that are consistent with our strategy. If we need to access the capital markets, there can be no assurance that financing may be available on attractive terms, if at all. As of December 31, 2025, Cash and cash equivalents were \$56.2 million and including our undrawn Revolving Loan, our total liquidity was \$351.2 million.

Indebtedness. As of December 31, 2025, the outstanding aggregate principal amount of our indebtedness was \$455.0 million, at an average interest rate of 6.3%, including \$400.0 million of outstanding aggregate principal under the 6.375% Senior Unsecured Notes due in 2028 and \$55.0 million of outstanding principal under the Revolving Loan which had an interest rate of 5.8%.

During the year ended December 31, 2025, we borrowed \$10.0 million and repaid \$15.0 million on our Revolving Loan. As of December 31, 2025, \$295.0 million was available to borrow under the Revolving Loan. At each quarter-end, we are subject to certain net leverage ratio and interest coverage ratio financial covenants under our Credit Agreement. As of December 31, 2025, we were in compliance with all such covenants. For further information, see Note 6 (Debt) to the accompanying Consolidated Financial Statements included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Share Repurchase Program. On February 27, 2025, we announced that our Board of Directors had authorized a three-year share repurchase program to acquire up to \$250.0 million of our common stock. The repurchase program may be suspended or discontinued at any time and does not obligate us to repurchase any specific amount or number of shares. We may repurchase shares from time to time in open market transactions or through privately negotiated transactions in accordance with applicable federal securities laws and other applicable legal requirements, and subject to our blackout periods. We intend to fund the share repurchase program principally with cash from operations. During the year ended December 31, 2025, we repurchased and subsequently retired 7.1 million shares for \$86.0 million at an average price per share of \$12.17. As of December 31, 2025, \$173.8 million remained under the share repurchase program.

Earnouts.

- As part of the acquisition of D2C Media, Inc. (“D2C Media”), are required to pay additional cash consideration to certain former owners who are now employees of the Company based on the achievement of a revenue performance metric. The amount to be paid will be determined by the acquired business’ achievement of certain revenue-related financial targets through December 31, 2025 and expensed over each performance period. In April 2025, we paid CAD\$15.0 million (approximately USD\$10.8 million) associated with the earnout for the year ended December 31, 2024. For the year ending December 31, 2025, we expensed CAD\$15.0 million (approximately USD\$10.9 million as of December 31, 2025) associated with the remaining portion of the earnout, which is expected to be paid in 2026.
- As part of the DealerClub acquisition, we may be required to pay additional performance-based consideration of up to \$88.0 million, which may be paid in cash, or stock if mutually agreed upon, to certain former owners who are now employees of the Company. The amount paid will be determined by DealerClub’s future achievement of certain revenue-related financial targets through December 31, 2028, and will be expensed over the relevant performance periods. No such consideration was expensed during the year ended December 31, 2025.

For information related to the earnouts, see Note 3 (Business Combinations) in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Cash Flows. Details of our cash flows are as follows (in thousands):

	Year Ended December 31,		
	2025	2024	Change
Net cash provided by (used in):			
Operating activities	\$151,639	\$ 152,524	\$ (885)
Investing activities	(49,399)	(24,597)	(24,802)
Financing activities	(96,622)	(115,958)	19,336
Effect of exchange rate changes on Cash and cash equivalents	(55)	(494)	439
Net change in Cash and cash equivalents	<u>\$ 5,563</u>	<u>\$ 11,475</u>	<u>\$ (5,912)</u>

Operating Activities. Cash provided by operating activities for the year ended December 31, 2025 decreased slightly as compared to the year ended December 31, 2024, primarily due to an increase of \$7.8 million of earnout payments related to the D2C Acquisition, as well as lower Net income and the related adjustments in the Consolidated Statement of Cash Flows. These decreases were partially offset by the impact of the prior year payment of the \$10.5 million lease termination penalty. For further information, see the Consolidated Statements of Cash Flows included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Investing Activities. The increase in cash used in investing activities during the year ended December 31, 2025 as compared to the year ended December 31, 2024 was primarily related to the impact of the DealerClub Acquisition and the investment in an \$8.0 million secured convertible note, partially offset by the proceeds collected from the sale of the RepairPal equity investment in the current year.

Financing Activities. During the year ended December 31, 2025, cash used in financing activities was primarily related to repurchases of common stock, net debt repayments and tax payments made in connection with the vesting of certain equity awards. During the year ended December 31, 2024, cash used in financing activities was primarily related to repurchases of common stock, debt repayments, payments of contingent consideration and tax payments made in connection with the vesting of certain equity awards. For information related to our debt and repurchases of common stock see Note 6 (Debt) and Note 9 (Stockholders’ Equity) to the accompanying Consolidated Financial Statements included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Contractual Obligations. As of December 31, 2025, we had the following obligations and commitments to make future payments under contracts, contractual obligations and commercial commitments (in thousands):

Contractual Obligations	Total	Payments due by Period					
		2026	2027	2028	2029	2030	Thereafter
Long-term debt ⁽¹⁾	\$455,000	\$ —	\$ —	\$400,000	\$55,000	\$ —	\$ —
Interest on debt ⁽²⁾	89,990	29,473	29,473	29,466	1,578	—	—
Operating leases	22,420	3,919	2,040	2,093	2,001	1,925	10,442
Other obligations ⁽³⁾	52,603	28,758	21,114	1,412	754	565	—
Total	<u>\$620,013</u>	<u>\$62,150</u>	<u>\$52,627</u>	<u>\$432,971</u>	<u>\$59,333</u>	<u>\$2,490</u>	<u>\$10,442</u>

(1) Long-term debt includes future principal payments on long-term borrowings through scheduled maturity dates. Excluded from these amounts are the non-cash amortization of debt issuance and other costs related to indebtedness.

(2) Interest payments for variable rate debt were calculated using interest rates as of December 31, 2025.

(3) Other obligations represent commitments under certain vendors and other contracts.

Commitments and Contingencies. For information related to commitments and contingencies, see Note 8 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements. We do not have any material off-balance sheet arrangements.

Critical Accounting Policies and Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s best knowledge of current events and actions that the Company may undertake in the future, actual

results may differ from those estimates. We believe the following discussion addresses our most critical accounting policies, which are those that are important to the presentation of our financial condition and results of operations and require management's most subjective and complex judgments.

Revenue Recognition. We account for a customer arrangement when we and the customer have an approved and signed contract that specifies the rights and obligations of each party and the payment terms, and we believe it is probable that we will collect substantially all of the consideration to which we will be entitled in exchange for the services that will be provided to the customer. We periodically enter into arrangements that include multiple promises that we evaluate to determine whether the promises are separate performance obligations. We identify performance obligations based on services to be transferred to a customer that are distinct within the context of the contractual terms. We allocate the contractual transaction price to each distinct performance obligation and recognize revenue when a performance obligation is satisfied by providing a service to a customer. Revenue is primarily generated through our direct sales force.

Dealer: Dealer revenue consists of marketplace, digital experience, including website solutions, vehicle acquisition and media products sold to dealer customers, and is typically subscription-oriented in nature. Further information related to Dealer revenue in the Consolidated Statements of Income is as follows:

- **Subscription Based Products.** We offer our dealers with subscription based packages across four capabilities: Marketplace, Digital Experience, Media Solutions and Trade & Appraisal. Our subscription packages are generally a fixed price arrangement with varying contract terms that are automatically renewed, typically on a month-to-month basis. We recognize our subscription revenue ratably as the service is provided over the contract term. Our primary source of revenue is through the sale of marketplace subscription advertising packages to dealer customers. Our subscription based add-on media products include: Cars Social, In-Market Video and VIN Performance Media. Substantially all of our add-on products are not sold separately from our subscription packages as the customer cannot benefit from add-on products on a standalone basis. Therefore, our other subscription packages and add-on products are combined as a single performance obligation, and we recognize the related revenue ratably as the services are provided over the contract term.
- **Other Media Solutions.** We also provide certain non-subscription digital advertising services to dealer customers. We recognize revenue related to these services at the point in time the service is provided.

OEM and National revenue. OEM and National revenue in the Consolidated Statements of Income largely consists of media products sold to OEMs and auto adjacent businesses, including insurance companies. Revenue related to OEM and National customers are primarily transaction-based contracts, which are billed for impressions delivered or click-throughs on their advertisements. An impression is the display of an advertisement to an end-user on the Cars.com website and is a measure of volume. A click-through occurs when an end-user clicks on an impression. We recognize revenue as the impressions or click-throughs are delivered. If the impressions or click-throughs delivered are less than the amount invoiced to the customer, the difference is recorded as deferred revenue and recognized as revenue when earned. We recognize revenue related to these services at the point in time the service is provided.

Other Revenue. Other revenue primarily includes revenue related to vehicle listing data sold to third parties. We recognize other revenue either ratably as the services are provided or at the point in time the services have been performed. Other revenue is recorded in Other revenue in the Consolidated Statements of Income.

Business Combinations.

Intangible Assets. Intangible assets are recorded at their estimated fair value at the date of acquisition. The fair values assigned to the intangible assets acquired were determined based on management's estimates and assumptions, as well as other information compiled by management, including third-party valuations that utilize customary valuation procedures and techniques, such as the multi-period excess earnings and the relief of royalty methods. These preliminary fair values are subject to change within the one-year measurement period. We amortize intangible assets over their estimated useful lives on a straight-line basis. Amortization is recorded over the relevant estimated useful lives ranging from two to 14 years.

We evaluate the useful lives of these assets on at least an annual basis and test for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. If the estimate of an intangible asset's remaining useful life is changed, we amortize the remaining carrying value of the intangible asset prospectively over the revised remaining useful life. If an impairment is identified, the asset is written down to fair value as required.

Contingent Consideration. In the prior periods presented, we had contingent consideration obligations from arrangements resulting from acquisitions that involved potential future payment of consideration that was contingent upon the achievement of certain financial metrics or lender market share. Contingent consideration was recognized at its estimated fair value at the date of acquisition based on our expected future payment, discounted using accepted valuation methodologies.

We reviewed and re-assessed the estimated fair value of contingent consideration liabilities at each reporting period and the updated fair value could differ materially from the initial estimates. We measured contingent consideration recognized in connection with acquisitions at fair value on a recurring basis using significant unobservable inputs classified as Level 3 inputs. The fair value was measured based on a Monte Carlo simulation or a scenario-based method, depending on the earnout objective and timing. The fair value measurement included the following significant inputs: volatility and projected financial information. Significant increases or decreases to any of these inputs in isolation could result in a significantly higher or lower liability. Ultimately, the liability was equivalent to the amount paid, and the difference between the fair value estimate on the acquisition date and each reporting period and the amount paid was recognized in earnings within Other income (expense), net in the Consolidated Statements of Income.

Income Taxes. We account for income taxes according to the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based on the estimated future tax effects of temporary differences between the financial statement carrying value and tax basis of assets and liabilities, as well as tax attribute carryforwards, as measured by enacted tax rates. The effect of a tax rate change on deferred tax assets and liabilities is recognized in the Consolidated Statements of Income in the period that includes the enactment date of the change. We assess the recoverability of our deferred tax assets on a quarterly basis, considering all positive and negative evidence. A valuation allowance is recorded against deferred tax assets if it is more likely than not that some portion of the deferred tax assets will not be realized. Uncertain tax positions that relate to deferred tax assets are recorded against deferred tax assets; otherwise, uncertain tax positions are recorded as either a current or noncurrent liability in the Consolidated Balance Sheets. See Note 12 (Income Taxes) to the Consolidated Financial Statements included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Recent Accounting Standards. For information related to recent accounting pronouncements, see Note 2 (Significant Accounting Policies) to the Consolidated Financial Statements included in Part II, Item 8., “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk. Market risk represents the risk of loss that may affect our financial position due to adverse changes in financial market prices and rates. We are exposed to market risks related to changes in interest rates and foreign currency exchange risk.

Interest Rate Risk. The interest rate on borrowings under our Revolving Credit Facility is floating and, therefore, subject to fluctuations. As of December 31, 2025, the outstanding aggregate principal amount of our indebtedness was \$455.0 million, at a weighted average interest rate of 6.3%, including \$400.0 million of outstanding principal under the bonds, which carries a fixed interest rate of 6.375% and \$55.0 million of outstanding principal under the Revolving Loan which carried an interest rate of 5.8% at December 31, 2025.

Foreign Currency Exchange Risk. Historically, we have not faced any significant foreign currency risk as our operations and sales have been primarily in the United States. However, with the acquisition of D2C Media in November 2023, we expanded our presence in Canada and therefore, our risk related to changes in exchange rates between the U.S. dollar and Canadian dollar. D2C Media primarily bills its customers and incurs expenses in Canadian dollars. We also have intercompany debt between U.S. and Canadian entities that is subject to exchange rate fluctuations and will result in foreign exchange gains or losses depending on the currency movement during the respective time period. The effect of foreign currency exchange rate fluctuations since 2023 is immaterial. As we continue to grow our Canadian operations, we expect to continue to be exposed to foreign exchange rate risk. We may determine to take certain foreign exchange rate risk management measures.

Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Cars.com Inc.

Opinion on the Financial Statements

We have audited the accompanying Consolidated Balance Sheets of Cars.com Inc. (the Company) as of December 31, 2025 and 2024, the related Consolidated Statements of Income, Comprehensive Income, Stockholders' Equity and Cash Flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "Consolidated Financial Statements"). In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 26, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the Consolidated Financial Statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition

Description of the Matter

As described in Note 2 to the Consolidated Financial Statements, the Company recognizes revenue in accordance with Accounting Standard Codification Topic 606, Revenue from Contracts with Customers, upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. The Company enters into contracts with customers that may include multiple service offerings. The assessment of terms and conditions for the identification of performance obligations may involve judgment.

Auditing the Company's accounting for revenue recognition was challenging given the significant audit effort to identify and determine the distinct performance obligations in customer contracts through the inspection of terms and conditions in the customer contracts.

*How We Addressed the
Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's revenue recognition process, including management's review of terms and conditions and the identification of distinct performance obligations in customer contracts.

To test the Company's accounting for revenue recognition, we performed audit procedures that included, among others, an evaluation of management's assessment of the distinct performance obligations within the arrangement based on its terms and conditions for a sample of customer contracts. We tested the application of the revenue recognition accounting requirements for each of the significant service offerings to determine whether the performance obligations identified by the Company were distinct.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

Chicago, Illinois
February 26, 2026

Cars.com Inc.
Consolidated Balance Sheets
(In thousands, except per share data)

	December 31,	
	2025	2024
Assets:		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 56,236	\$ 50,673
Accounts receivable, net	131,945	133,741
Prepaid expenses	15,491	13,782
Other current assets	7,920	16,134
Total current assets	<u>211,592</u>	<u>214,330</u>
Property and equipment, net	35,223	40,704
Goodwill	167,207	143,279
Intangible assets, net	527,082	585,690
Deferred tax assets, net	88,594	100,530
Investments and other assets, net	32,720	27,332
Total assets	<u>\$1,062,418</u>	<u>\$1,111,865</u>
Liabilities and stockholders' equity:		
<i>Current liabilities:</i>		
Accounts payable	\$ 27,749	\$ 33,498
Accrued compensation	38,074	36,295
Other accrued liabilities	47,564	47,092
Total current liabilities	<u>113,387</u>	<u>116,885</u>
<i>Noncurrent liabilities:</i>		
Long-term debt, net	451,516	455,288
Deferred tax liabilities, net	6,241	6,773
Other noncurrent liabilities	18,744	21,434
Total noncurrent liabilities	<u>476,501</u>	<u>483,495</u>
Total liabilities	<u>589,888</u>	<u>600,380</u>
Commitments and contingencies		
<i>Stockholders' equity:</i>		
Preferred Stock at par, \$0.01 par value; 5,000 shares authorized; no shares issued and outstanding as of December 31, 2025 and 2024, respectively	—	—
Common Stock at par, \$0.01 par value; 300,000 shares authorized; 58,636 and 64,391 shares issued and outstanding as of December 31, 2025 and 2024, respectively	586	643
Additional paid-in capital	1,413,994	1,473,986
Accumulated deficit	(941,494)	(961,546)
Accumulated other comprehensive loss	(556)	(1,598)
Total stockholders' equity	<u>472,530</u>	<u>511,485</u>
Total liabilities and stockholders' equity	<u>\$1,062,418</u>	<u>\$1,111,865</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

Cars.com Inc.
Consolidated Statements of Income
(In thousands, except per share data)

	2025	2024	2023
Revenue:			
Dealer	\$644,053	\$640,722	\$ 621,661
OEM and National	65,305	65,894	55,904
Other	13,881	12,536	11,618
Total revenue	<u>723,239</u>	<u>719,152</u>	<u>689,183</u>
Operating expenses:			
Cost of revenue and operations	123,328	124,332	122,205
Product and technology	117,330	117,875	102,026
Marketing and sales	239,365	232,280	236,819
General and administrative	91,124	83,985	73,017
Depreciation and amortization	91,842	107,182	101,000
Total operating expenses	<u>662,989</u>	<u>665,654</u>	<u>635,067</u>
Operating income	<u>60,250</u>	<u>53,498</u>	<u>54,116</u>
Nonoperating expenses:			
Interest expense, net	(30,382)	(32,197)	(32,425)
Other income (expense), net	4,438	40,562	(3,586)
Total nonoperating (expense) income, net	<u>(25,944)</u>	<u>8,365</u>	<u>(36,011)</u>
Income before income taxes	34,306	61,863	18,105
Income tax expense (benefit)	14,254	13,675	(100,337)
Net income	<u>\$ 20,052</u>	<u>\$ 48,188</u>	<u>\$ 118,442</u>
Weighted-average common shares outstanding:			
Basic	62,386	66,006	66,742
Diluted	63,264	67,387	68,227
Net income per share:			
Basic	\$ 0.32	\$ 0.73	\$ 1.77
Diluted	0.32	0.72	1.74

The accompanying notes are an integral part of these Consolidated Financial Statements.

Cars.com Inc.
Consolidated Statements of Comprehensive Income
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
Net income	\$20,052	\$48,188	\$118,442
Other comprehensive income (loss) net of tax:			
Foreign currency translation adjustments	1,042	(2,549)	951
Total other comprehensive income (loss), net of tax	1,042	(2,549)	951
Comprehensive income	\$21,094	\$45,639	\$119,393

The accompanying notes are an integral part of these Consolidated Financial Statements.

Cars.com Inc.
Consolidated Statements of Stockholders' Equity
(In thousands)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2022	—	\$—	66,287	\$662	\$1,511,944	\$(1,128,176)	\$ —	\$384,430
Net income	—	—	—	—	—	118,442	—	118,442
Other comprehensive income, net of tax	—	—	—	—	—	—	951	951
Repurchases of common stock	—	—	(1,698)	(17)	(31,276)	—	—	(31,293)
Shares issued in connection with stock-based compensation plans, net	—	—	1,340	14	(9,219)	—	—	(9,205)
Stock-based compensation	—	—	—	—	28,783	—	—	28,783
Balance at December 31, 2023	—	\$—	65,929	\$659	\$1,500,232	\$(1,009,734)	\$ 951	\$492,108
Net income	—	—	—	—	—	48,188	—	48,188
Other comprehensive loss, net of tax	—	—	—	—	—	—	(2,549)	(2,549)
Repurchases of common stock	—	—	(2,775)	(27)	(49,546)	—	—	(49,573)
Shares issued in connection with stock-based compensation plans, net	—	—	1,237	11	(7,486)	—	—	(7,475)
Stock-based compensation	—	—	—	—	30,786	—	—	30,786
Balance at December 31, 2024	—	\$—	64,391	\$643	\$1,473,986	\$(961,546)	\$(1,598)	\$511,485
Net income	—	—	—	—	—	20,052	—	20,052
Other comprehensive income, net of tax	—	—	—	—	—	—	1,042	1,042
Repurchases of common stock	—	—	(7,062)	(70)	(86,643)	—	—	(86,713)
Shares issued in connection with stock-based compensation plans, net	—	—	1,307	13	(4,728)	—	—	(4,715)
Stock-based compensation	—	—	—	—	31,379	—	—	31,379
Balance at December 31, 2025	—	\$—	58,636	\$586	\$1,413,994	\$(941,494)	\$ (556)	\$472,530

The accompanying notes are an integral part of these Consolidated Financial Statements.

Cars.com Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
<i>Cash flows from operating activities:</i>			
Net income	\$ 20,052	\$ 48,188	\$ 118,442
Adjustments to reconcile Net income to Net cash provided by operating activities:			
Depreciation	29,016	26,677	22,331
Amortization of intangible assets	62,826	80,505	78,669
Stock-based compensation	31,327	30,553	28,491
Deferred income taxes	11,450	11,894	(114,498)
Provision for doubtful accounts	1,961	3,389	2,986
Amortization of debt issuance costs	1,911	2,249	3,042
Unrealized (gain) loss on foreign currency denominated transactions	(2,081)	3,697	(2,072)
Changes in fair value of contingent consideration	—	(33,473)	5,537
Gain on sale of equity investment	—	(10,846)	—
Other, net	2,354	662	143
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	601	(12,321)	(15,567)
Prepaid expenses and other assets	(2,259)	(5,390)	(5,101)
Accounts payable	(5,685)	11,104	3,722
Accrued compensation	880	5,313	11,638
Other liabilities	(714)	(9,677)	(1,043)
Net cash provided by operating activities	<u>151,639</u>	<u>152,524</u>	<u>136,720</u>
<i>Cash flows from investing activities:</i>			
Payments for acquisitions, net of cash acquired	(24,769)	(216)	(76,168)
Capitalization of internally developed technology	(21,619)	(21,381)	(19,602)
Purchase of property and equipment	(4,286)	(3,000)	(1,280)
Proceeds from sale of equity investment	9,481	—	—
Purchase of convertible note receivable	(8,206)	—	—
Net cash used in investing activities	<u>(49,399)</u>	<u>(24,597)</u>	<u>(97,050)</u>
<i>Cash flows from financing activities:</i>			
Proceeds from Revolving Loan borrowings	10,000	—	45,000
Payments of Revolving Loan borrowings and long-term debt	(15,000)	(30,000)	(36,250)
Payments for stock-based compensation plans, net	(4,715)	(7,475)	(9,205)
Repurchases of common stock	(86,907)	(49,179)	(31,293)
Payments of contingent consideration	—	(27,435)	—
Payments of debt issuance costs and other fees	—	(1,869)	—
Net cash used in financing activities	<u>(96,622)</u>	<u>(115,958)</u>	<u>(31,748)</u>
Effect of exchange rate changes on Cash and cash equivalents	(55)	(494)	(439)
Net increase in Cash and cash equivalents	<u>5,563</u>	<u>11,475</u>	<u>7,483</u>
Cash and cash equivalents at beginning of period	<u>50,673</u>	<u>39,198</u>	<u>31,715</u>
Cash and cash equivalents at end of period	<u>\$ 56,236</u>	<u>\$ 50,673</u>	<u>\$ 39,198</u>
Supplemental cash flow information:			
Cash paid for income taxes	\$ 2,568	\$ 6,487	\$ 17,636
Cash paid for interest	29,955	32,525	30,416

The accompanying notes are an integral part of these Consolidated Financial Statements.

Cars.com Inc.
Notes to Consolidated Financial Statements

Note 1. Description of Business

Description of Business. Cars.com Inc. is a trusted audience-powered and data-driven technology platform that simplifies buying and selling cars. The flagship Cars.com marketplace connects millions of consumers to dealerships across the U.S., powering the car buying experience with artificial intelligence shopping tools and comprehensive vehicle reviews and content. The Company's interconnected ecosystem of products enables dealers and OEMs to sell more cars by efficiently leveraging its marketplace, dealer websites, trade and appraisal tools and proprietary in-market media solutions.

Note 2. Significant Accounting Policies

Basis of Presentation. The accompanying Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the SEC. The Consolidated Financial Statements include the accounts of the Company and its 100% owned subsidiaries, including D2C Media and DealerClub since the dates of acquisition. All intercompany transactions and accounts have been eliminated in consolidation.

Use of Estimates. The preparation of the accompanying Consolidated Financial Statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from those estimates.

Reclassifications. Certain prior period balances have been reclassified to conform to the current period presentation. These reclassifications were not material to the previously reported Consolidated Financial Statements.

Revenue. The Company accounts for a customer arrangement when the Company and the customer have an approved and signed contract that specifies the rights and obligations of each party and the payment terms, and the Company believes it is probable that the Company will collect substantially all of the consideration to which the Company will be entitled in exchange for the services that will be provided to the customer. The Company periodically enters into arrangements that include multiple promises that the Company evaluates to determine whether the promises are separate performance obligations. The Company identifies performance obligations based on services to be transferred to a customer that are distinct within the context of the contractual terms. The Company allocates the contractual transaction price to each distinct performance obligation and recognizes revenue when a performance obligation is satisfied by providing a service to a customer. Revenue is primarily generated through the Company's direct sales force.

Dealer. Dealer revenue consists of marketplace, digital experience, including website solutions, vehicle acquisition and media products sold to dealer customers, and is typically subscription-oriented in nature. Further information related to Dealer revenue in the Consolidated Statements of Income is as follows:

- **Subscription Based Products.** The Company offers dealers with subscription based packages across four capabilities: Marketplace, Digital Experience, Media Solutions and Trade & Appraisal. These subscription packages are generally a fixed price arrangement with varying contract terms that are automatically renewed, typically on a month-to-month basis. The Company recognizes subscription revenue ratably as the service is provided over the contract term. The Company's primary source of revenue is through the sale of marketplace subscription advertising packages to dealer customers. The Company's subscription based add-on media products include: Cars Social, In-Market Video and VIN Performance Media. Substantially all of the Company's add-on products are not sold separately from the subscription packages as the customer cannot benefit from add-on products on a standalone basis. Therefore, the Company's other subscription packages and add-on products are combined as a single performance obligation, and the related revenue is recognized ratably as the services are provided over the contract term.
- **Other Media Solutions.** The Company also provides certain non-subscription digital advertising services to dealer customers. The revenue related to these services is recognized at the point in time the service is provided.

OEM and National revenue. OEM and National revenue in the Consolidated Statements of Income largely consists of media products sold to OEMs and auto adjacent businesses, including insurance companies. Revenue related to OEM

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

and National customers are primarily transaction-based contracts, which are billed for impressions delivered or click-throughs on their advertisements. An impression is the display of an advertisement to an end-user on the Cars.com website and is a measure of volume. A click-through occurs when an end-user clicks on an impression. The Company recognizes revenue as the impressions or click-throughs are delivered. If the impressions or click-throughs delivered are less than the amount invoiced to the customer, the difference is recorded as deferred revenue and recognized as revenue when earned. The Company recognizes revenue related to these services at the point in time the service is provided.

Other Revenue. Other revenue primarily includes revenue related to vehicle listing data sold to third parties. The Company recognizes other revenue either ratably as the services are provided or at the point in time the services have been performed. Other revenue is recorded in Other revenue in the Consolidated Statements of Income.

Cash and Cash Equivalents. All cash balances and liquid investments with original maturities of three months or less on their acquisition date are classified as cash and cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts. Accounts receivable are primarily derived from sales to customers and recorded at invoiced amounts. The allowance for doubtful accounts reflects the Company's estimate of credit exposure, determined principally on the basis of its collection experience, aging of its receivables, expected losses and any specific reserves needed for certain customers based on their credit risk. Bad debt expense is included in Marketing and sales in the Consolidated Statements of Income. As of December 31, 2025, the Company's rollforward of the allowance for doubtful accounts is as follows (in thousands):

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Write-offs	Recoveries	Balance at End of Period
Allowance for doubtful accounts:					
2025	\$2,455	\$1,961	\$(3,527)	\$886	\$1,775
2024	2,473	3,389	(4,306)	899	2,455

Concentrations of Credit Risk. The Company's financial instruments, consisting primarily of cash and cash equivalents and customer receivables, are exposed to concentrations of credit risk. The Company invests its cash and cash equivalents with highly rated financial institutions.

Note Receivable. On October 14, 2025, the Company entered into a Security Agreement with an automotive technology solutions provider that is developing a new customer relationship management platform. As part of this agreement, the Company invested in an \$8.0 million secured convertible note, which has a five-year maturity, accrues interest at 4.1% per annum and contains options to purchase the remaining outstanding equity of the provider at the Company's option. The Company accounts for this note as a loan receivable that is held for investment, and therefore the note is measured at amortized cost. The Company accounts for its loans held for investment using the interest method whereby interest income is recognized each period based on the effective interest rate required to amortize the deferred loan issuance costs over the life of the loans. As of December 31, 2025, \$8.3 million is recorded in Investments and other assets, net in the Consolidated Balance Sheets.

Investments. Investments in non-marketable equity securities are measured at fair value with changes in fair value recognized in Net income. Prior to the sale of its RepairPal, Inc. ("RepairPal") equity investment, the Company utilized the measurement alternative for equity investments without readily determinable fair values and revalued this investment upon the occurrence of an observable price change for similar investments. On at least an annual basis, the Company assessed its investment to determine whether any events have occurred, or circumstances have changed, which might have a significant adverse effect on their fair value and as applicable, may be indicative of impairment.

During the year ended December 31, 2024, the Company sold its RepairPal equity investment for \$9.5 million in closing proceeds and up to \$2.7 million of additional proceeds to be received, subject to the satisfaction of certain conditions. The related cash proceeds for the sale were not yet received as of December 31, 2024, and was therefore recorded as a non-cash transaction at that time. As a result, the Company recorded the fair value of its expected proceeds as a gain of \$10.8 million recorded in Other income (expense), net in the Consolidated Income Statements and Gain on sale of equity investment in the Consolidated Statements of Cash Flows. As of December 31, 2024, the Company recorded \$9.5 million and \$1.3 million in Other current assets and Investments and other assets, net, respectively, in the

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

Consolidated Balance Sheets, of which the \$9.5 million was collected in January 2025. As of December 31, 2025, \$1.0 million and \$0.3 million are recorded in Other current assets and Investments and other assets, net, respectively, in the Consolidated Balance Sheets. Changes will be recognized in Other income (expense), net in the Consolidated Statements of Income.

Property and Equipment, net. Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives as follows (in thousands):

Asset	December 31,		Estimated Useful Life
	2025	2024	
Computer software	\$ 120,712	\$ 108,805	18 months - 5 years
Leasehold improvements	20,130	17,398	Lesser of useful life or lease term
Computer hardware	6,865	12,995	3 - 5 years
Furniture and fixtures	4,573	4,601	5 - 10 years
Property and equipment, gross	152,280	143,799	
Less: Accumulated depreciation	(117,057)	(103,095)	
Property and equipment, net	<u>\$ 35,223</u>	<u>\$ 40,704</u>	

Normal repairs and maintenance are expensed as incurred. Any resulting gain or loss from the disposition of fixed assets is included in General and administrative expense in the Consolidated Statements of Income.

Internally Developed Technology. The Company capitalizes costs associated with customized internal-use software systems and website development that have reached the application development stage. Such capitalized costs include external direct costs utilized in developing or obtaining the applications and payroll and payroll-related expenses for employees who are directly associated with the applications. Capitalization of such costs begins when the preliminary project stage is complete and ceases at the point in which the project is substantially complete and ready for its intended purpose. The Company reviews the carrying amount of internally developed technology for impairment and useful lives whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Capitalized software costs, excluding cloud computing arrangements, for the years ended December 31, 2025, 2024 and 2023 were \$21.6 million, \$21.4 million and \$19.6 million, respectively. Capitalized costs, excluding those for cloud computing arrangements, are included in Property and equipment, net in the Consolidated Balance Sheets. Research and development costs are expensed as incurred.

Cloud Computing Arrangements, net. The Company capitalizes costs associated with the development of cloud computing arrangements in a manner consistent with internally developed technology. Any amortization is recorded in the same manner in the Consolidated Statements of Income as the expense associated with the underlying hosting arrangement. Capitalized cloud computing arrangements are amortized on a straight-line basis over an estimated useful life of five years. Amortization expense for the years ended December 31, 2025, 2024 and 2023 was \$2.4 million, \$1.8 million and \$1.2 million. Cost and accumulated amortization is as follows (in thousands):

	December 31,	
	2025	2024
Cloud computing arrangements, gross	\$12,647	\$11,681
Less: Accumulated amortization	(5,438)	(3,177)
Cloud computing arrangements, net	<u>\$ 7,209</u>	<u>\$ 8,504</u>

These capitalized costs in the Consolidated Balance Sheets are as follows (in thousands):

	December 31,	
	2025	2024
Prepaid expenses	\$2,478	\$2,327
Investments and other assets, net	4,731	6,178

Goodwill and Other Intangible Assets. Goodwill represents the excess of acquisition cost over the fair value of assets acquired, including identifiable intangible assets, net of liabilities assumed. Goodwill is tested for impairment on an

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

annual basis or between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company's goodwill is tested for impairment at a level referred to as the reporting unit. The level at which the Company tested goodwill for impairment requires the Company to determine whether the operations below the business segment level constitute a business for which discrete financial information is available and segment management regularly reviews the operating results. The Company determined that it operated as a single reporting unit.

The process of estimating the fair value of goodwill is subjective and required the Company to make estimates that may significantly impact the outcome of the analysis. A qualitative assessment considers events and circumstances such as macroeconomic conditions, industry and market conditions, cost factors and overall financial performance, as well as company specifications. If after performing this assessment, the Company concluded it is more likely than not that the fair value of the reporting unit is less than its carrying amount, then the Company will perform the quantitative test.

Under the quantitative test, a goodwill impairment is identified by comparing the fair value of the reporting unit to the carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds the fair value of the reporting unit, goodwill is considered impaired and an impairment charge is recognized in an amount equal to the excess, not to exceed the carrying amount of goodwill.

If a quantitative test is performed, the Company estimates the fair value of the reporting unit with an income approach using a discounted cash flow ("DCF") analysis and the Company also considers a market-based valuation methodology using comparable public company trading values and the Company's market capitalization. Determining fair value requires the exercise of significant judgments, including the amount and timing of expected future cash flows, long-term growth rates, the discount rate and relevant comparable public company earnings multiples. The cash flows employed in the DCF analysis are based on the Company's best estimate of future sales, earnings and cash flows after considering factors such as general market conditions and recent operating performance. The discount rate utilized in the DCF analysis is based on the reporting unit's weighted-average cost of capital, which takes into account the relative weights of each component of capital structure (equity and debt) and represents the expected cost of new capital, adjusted as appropriate to consider the risk inherent in future cash flows of the Company's reporting unit.

Impairment assessment inherently involves management judgments regarding a number of assumptions described above. The reporting unit fair value also depends on the future strength of the economies the Company operates in. New and developing competition, as well as technological changes, could also adversely affect future fair value estimates. Due to the many variables inherent in the estimation of a reporting unit's fair value and the relative size of the Company's recorded goodwill, differences in assumptions could have a material effect on the estimated fair values. For further information, see Note 5 (Goodwill and Other Intangible Assets, net).

The Company's indefinite-lived intangible asset relates to the Cars.com trade name. Intangible assets with indefinite lives are tested for impairment annually, or more often if circumstances dictate, and written down to fair value as required. Similar factors to goodwill are considered in this evaluation. The estimates of fair value are determined using the "relief from royalty" methodology, which is a variation of the income approach. The discount rate assumption is based on an assessment of the risk inherent in the projected future cash flows generated by the trade name intangible asset.

Amortizable intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Intangible Asset	Estimated Useful Life
Acquired software	2 - 5 years
Customer relationships	4 - 14 years
Other trade names	5 - 12 years

Valuation of Long-Lived Assets. The Company reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Once an indicator of potential impairment has occurred, the impairment test is based on whether the intent is to hold the asset for continued use or to hold the asset for sale. If the intent is to hold the asset for continued use, the impairment test first requires a comparison of projected undiscounted future cash flows against the carrying amount of the asset group. If the carrying value of the asset group exceeds the estimated undiscounted future cash flows, the asset group would be deemed to be potentially impaired. The impairment, if any, would be measured based on the amount by which the

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

carrying amount exceeds the fair value. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost to dispose. No material impairment losses for long-lived assets were recognized for the periods presented in the Consolidated Statements of Income.

Fair Value of Financial Instruments. Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. The three-level hierarchy of fair value measurements is based on whether the inputs to those measurements are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The fair-value hierarchy requires the use of observable market data when available and consists of the following levels:

- Level 1—Quoted prices for identical instruments in active markets;
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets; and
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs are unobservable

The Company's financial instruments include accounts receivable, notes receivable, other receivables, accounts payable and other liabilities. The carrying values of these instruments approximate their fair values.

The Company's debt is classified as Level 2 in the fair value hierarchy and the fair value is measured based on comparable trading prices, ratings, sectors, coupons and maturities of similar instruments. Level 2 assets and liabilities are based on observable inputs other than quoted prices, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. The approximate fair value and related carrying value of the Company's outstanding indebtedness, as of December 31, 2025 and December 31, 2024 were as follows (in millions):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fair Value	\$454.1	\$456.6
Carrying Value	455.0	460.0

Contingent Consideration. In the prior periods presented, the Company had contingent consideration obligations from arrangements resulting from acquisitions that involved potential future payment of consideration that was contingent upon the achievement of certain financial or performance metrics. Contingent consideration was recognized at its estimated fair value at the date of acquisition based on expected future payment, discounted using a weighted average cost of capital in accordance with accepted valuation methodologies. Prior to the expiration of these arrangements, the Company reviewed and reassessed the estimated fair value of contingent consideration liabilities at each reporting period and the updated fair value could differ materially from the initial estimates. The Company measured contingent consideration recognized in connection with acquisitions at fair value on a recurring basis using significant unobservable inputs classified as Level 3 inputs. The fair value measurement had one significant input of projected financial information. Significant increases or decreases to the projected financial information could result in a significantly higher or lower liability. Ultimately, the liability was equivalent to the amount paid, and the difference between the fair value estimate on the acquisition date and each reporting period and the amount paid was recognized in earnings within Other income (expense), net in the Consolidated Statements of Income.

Foreign Currency Translation. The reporting currency of the Company is the U.S. dollar. The functional currency of the Company's foreign subsidiaries is the local currency of each subsidiary. All balances of entities whose functional currency is a currency other than the U.S. dollar are translated into U.S. dollar equivalents at exchange rates as follows: (i) asset and liability accounts at period-end rates; (ii) income statement accounts at average exchange rates for the period; and (iii) stockholders' equity accounts at historical exchange rates. The resulting translation adjustments are excluded from consolidated Net income and are recognized within Accumulated other comprehensive loss in the

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

Consolidated Balance Sheets. Foreign currency transaction gains and losses are included in Other income (expense), net in the Consolidated Statements of Income. Monetary assets and liabilities that are in a currency other than the Company's functional currency are translated to the functional currency at period-end, with changes in such amounts being reported as a component of Other income (expense), net in the Consolidated Statements of Income.

Income Taxes. The Company accounts for income taxes according to the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based on the estimated future tax effects of temporary differences between the financial statement carrying value and tax basis of assets and liabilities, as well as tax attribute carryforwards, as measured by enacted tax rates. The effect of a tax rate change on deferred tax assets and liabilities is recognized in the Consolidated Statements of Income in the period that includes the enactment date of the change. The Company assesses the recoverability of our deferred tax assets on a quarterly basis, considering all positive and negative evidence. A valuation allowance is recorded against deferred tax assets if it is more likely that not that some portion of the deferred tax assets will not be realized. Uncertain tax positions that relate to deferred tax assets are recorded against deferred tax assets.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefit recognized in the financial statements from such a position is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company's uncertain tax position reserves are reviewed periodically and are adjusted as events occur that affect its estimates, such as the availability of new information, the lapsing of applicable statutes of limitation, the conclusion of tax audits, the measurement of additional estimated liability, the identification of new tax matters, the release of administrative tax guidance affecting its estimates of tax liabilities or the rendering of relevant court decisions. The Company records penalties and interest relating to uncertain tax positions in Income tax expense (benefit) in the Consolidated Statements of Income. For further information, see Note 12 (Income Taxes).

Stock-Based Compensation. Stock-based compensation expense is recognized on a straight-line basis over the vesting period. Forfeitures are recorded at the time the forfeiture event occurs. For further information, see Note 10 (Stock-Based Compensation).

Advertising Costs. Advertising costs are expensed as they are incurred and included in Marketing and sales in the Consolidated Statements of Income. Advertising expense for the years ended December 31, 2025, 2024 and 2023 was \$109.1 million, \$105.3 million and \$107.8 million, respectively.

Cost of Revenue and Operations. Cost of revenue and operations expense primarily consists of costs related to processing dealer vehicle inventory, product fulfillment, compensation costs for the product fulfillment and customer service teams.

Defined Contribution Plans. The Company's employees are eligible to participate in a defined contribution plan. Participants are eligible on their date of hire and are allowed to make tax-deferred contributions up to 90% of employees' compensation, subject to limitations specified by the Internal Revenue Code of 1986, as amended. Employer contributions consist of matching contributions and/or non-elective employer contributions. The Company provides a maximum match for 4% of the employee's salary and contributions are immediately fully vested. The Company's contributions to its defined contribution plans for the years ended December 31, 2025, 2024 and 2023 were \$6.5 million, \$6.4 million and \$6.3 million, respectively.

Recently Adopted Accounting Standards. In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"), which requires presentation of specific categories of reconciling items, as well as reconciling items that meet a quantitative threshold, in the reconciliation between the income tax provision and the income tax provision using statutory tax rates. The standard also requires disclosure of income taxes paid disaggregated by jurisdiction with separate disclosure of income taxes paid to individual jurisdictions that meet a quantitative threshold of 5 percent. This amendment was effective for fiscal years beginning after December 15, 2024, on a prospective basis and early adoption and retrospective application were permitted. The Company has adopted ASU 2023-09 as of December 31, 2025 using the retrospective approach, and included the required disclosures in Note 12 (Income Taxes). This standard update did not affect the Company's financial condition or results of operations.

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

Recently Issued Accounting Standards Not Yet Adopted. In December 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies current interim disclosure requirements and provides a comprehensive list of required interim disclosures. The update also establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. Per the FASB, the amendment does not intend to change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements but rather provide clarity and improve navigability of the existing interim reporting requirements. This amendment is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted and entities are permitted to apply the new updates either prospectively or retrospectively to any or all periods presented in the financial statements. The Company is currently evaluating this new guidance and its impact on its Consolidated Financial Statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which modernizes the accounting for internal-use software costs by eliminating the stage-based model in current U.S. GAAP and clarifying when capitalization of software development costs are appropriate. The standard removes the concept of discrete development stages and introduces a principle-based framework centered on whether management has authorized and committed to funding the project, and whether it is probable that the project will be completed and the software will be used to perform its intended function. This amendment is effective for annual reporting periods beginning after December 15, 2027, and for interim reporting periods beginning after December 15, 2027. Early adoption is permitted and entities are permitted to apply the new guidance in a prospective, modified or retrospective approach. The Company is currently evaluating this new guidance and its impact on its Consolidated Financial Statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement Reporting Comprehensive Income Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires companies to provide more detailed and organized disclosures of their expenses in their income statements. The standard requires breaking down expenses into specific categories, such as employee compensation and costs related to depreciation and amortization. This amendment is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, on a prospective basis and early adoption and retrospective application is permitted. The Company is currently evaluating this new guidance and its impact on its financial statement disclosures.

Note 3. Business Combinations

DealerClub Acquisition. In January 2025, the Company acquired all of the outstanding stock of DealerClub Inc. (“DealerClub”), an emerging dealer-to-dealer digital wholesale auction platform that facilitates transparent and efficient transactions between automotive dealers (the “DealerClub Acquisition”). The total purchase consideration was \$25.3 million. The Company expensed as incurred total acquisition costs of \$0.2 million during the year ended December 31, 2025. These costs were recorded in General and administrative expenses in the Consolidated Statements of Income.

As part of the DealerClub Acquisition, the Company may be required to pay additional performance-based consideration of up to \$88.0 million, which may be paid in cash, or stock if mutually agreed upon. This potential performance-based consideration is not included in the total purchase consideration and will be deemed compensation expense. The amount to be paid will be determined by DealerClub’s future achievement of certain revenue-related financial targets through December 31, 2028, and will be expensed over the relevant performance periods.

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

Purchase Price Allocation. The fair values assigned to the tangible and intangible assets acquired and liabilities assumed were determined based on management's final estimates and assumptions, as well as other information compiled by management, including third-party valuations that utilize customary valuation procedures and techniques, such as the replacement cost method. The DealerClub Acquisition purchase price allocation is as follows (in thousands):

	<u>Acquisition Date Fair Value</u>
Total purchase consideration	<u>\$25,331</u>
Cash and cash equivalents ⁽¹⁾	\$ 562
Other assets acquired ⁽¹⁾⁽²⁾	961
Identified intangible assets ⁽³⁾	<u>2,700</u>
Total assets acquired	4,223
Total liabilities assumed ⁽⁴⁾	(872)
Net identifiable assets	3,351
Goodwill	<u>21,980</u>
Total purchase consideration	<u>\$25,331</u>

- (1) During the three months ended June 30, 2025, the Company recorded a \$0.3 million purchase accounting adjustment.
- (2) Other assets acquired primarily consists of deferred income tax assets and other receivables.
- (3) Identified intangible assets consists of acquired software with an amortization period of five years.
- (4) Liabilities assumed primarily consists of other accrued liabilities.

A reconciliation of cash consideration to Payments for acquisitions, net of cash acquired related to the DealerClub Acquisition in the Consolidated Statements of Cash Flows is as follows (in thousands):

Cash consideration	\$25,331
Less: Cash acquired ⁽¹⁾	(562)
Total payment for DealerClub Acquisition, net	<u>\$24,769</u>

- (1) During the three months ended June 30, 2025, the Company recorded a \$0.3 million purchase accounting adjustment.

Goodwill. In connection with the DealerClub Acquisition, the Company recorded goodwill in the amount of \$22.0 million, which is primarily attributable to expected sales growth from existing and future customers, product offerings, technology and the value of the acquired assembled workforce. All of the goodwill is considered non-deductible for income tax purposes.

The DealerClub Acquisition would have had an immaterial impact on the Company's Consolidated Financial Statements for years ended December 31, 2024 and 2023.

D2C Media Acquisition. On November 1, 2023, the Company acquired all of the outstanding stock of D2C Media Inc. and EZResults Inc. (collectively, the "D2C Media Acquisition"), a leading provider of website and digital advertising solutions in Canada for \$80.1 million total purchase consideration. The Company expensed as incurred total acquisition costs of \$1.4 million during the year ended December 31, 2023. These costs were recorded in General and administrative expenses in the Consolidated Statements of Income.

As part of the D2C Media Acquisition, the Company was required to pay a cumulative cash earnout of CAD\$34.1 million, of which CAD\$15.0 million (approximately USD\$10.9 million), CAD\$15.0 million (approximately USD\$10.8 million) and CAD\$4.1 million (approximately USD\$3.0 million) was expensed during the years ending December 31, 2025, 2024 and 2023, respectively. The payment was not included in the total purchase consideration and was deemed compensation expense, as the cash compensation was to former equity holders who became employees and would have been forfeited if employment was terminated prior to the end of the earnout period. The amount to be paid was determined by the acquired business' achievement of certain revenue-related financial targets through December 31, 2025 and expensed over each performance period.

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

Purchase Price Allocation. The fair values assigned to the tangible and intangible assets acquired and liabilities assumed were determined based on management's final estimates and assumptions, as well as other information compiled by management, including third-party valuations that utilize customary valuation procedures and techniques, such as the multi-period excess earnings and the relief of royalty methods. The D2C Media Acquisition purchase price allocation is as follows (in thousands):

	Acquisition-date Fair Value
Total purchase consideration ⁽¹⁾	\$ 80,056
Cash and cash equivalents	\$ 3,673
Accounts receivable	4,640
Other assets acquired ⁽²⁾	1,378
Identified intangible assets ⁽³⁾	<u>38,967</u>
Total assets acquired	48,658
Accounts payable and accrued liabilities	(1,698)
Other liabilities assumed ⁽¹⁾⁽⁴⁾	(628)
Deferred tax liabilities, net ⁽¹⁾	<u>(8,230)</u>
Total liabilities assumed	(10,556)
Net identifiable assets	38,102
Goodwill ⁽¹⁾	41,954
Total purchase consideration	<u>\$ 80,056</u>

- (1) During the year ended December 31, 2024, the Company recorded a \$0.3 million purchase accounting adjustment, \$0.2 million of which is reflected in Payments for acquisitions, net of cash acquired in the Consolidated Statements of Cash Flows.
- (2) Other assets acquired primarily consists of property and equipment, operating lease right of use assets and other prepaid expenses.
- (3) Information regarding the identifiable intangible assets acquired is as follows:

	Acquisition-Date Fair Value (in thousands)	Amortization Period (in years)
Customer relationships	\$29,153	14
Acquired software	9,092	5
Trade name	722	5
Total	<u>\$38,967</u>	

- (4) Other liabilities assumed primarily consists of operating lease right of use liabilities and income taxes payable.

A reconciliation of cash consideration to Payments for acquisitions, net of cash acquired related to the D2C Media Acquisition in the Consolidated Statements of Cash Flows as of December 31, 2023 is as follows (in thousands):

Cash consideration	\$79,841
Less: Cash acquired	<u>(3,673)</u>
Total payment for D2C Media, net	<u>\$76,168</u>

Goodwill. In connection with the D2C Media Acquisition, the Company recorded goodwill in the amount of \$42.0 million, which is primarily attributable to expected sales growth from existing and future customers, product offerings, technology and the value of the acquired assembled workforce. All of the goodwill is considered non-deductible for income tax purposes.

The D2C Media Acquisition would have had an immaterial impact on the Company's Consolidated Financial Statements for the period January 1, 2023 to October 31, 2023.

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

Note 4. Revenue

The Company's Consolidated Statements of Income provide disaggregated revenue information that reflects the nature, timing, amount and uncertainty of cash flows related to the Company's revenue. Substantially all revenue was generated and located within the U.S. The Company's disaggregated revenue information is as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Dealer	\$644,053	\$640,722	\$621,661
OEM and National	65,305	65,894	55,904
Other	13,881	12,536	11,618
Total revenue	<u>\$723,239</u>	<u>\$719,152</u>	<u>\$689,183</u>

Note 5. Goodwill and Other Intangible Assets, net

Goodwill and Indefinite-Lived Intangible Asset Summary. The changes in the carrying amount of goodwill and indefinite-lived intangible asset are as follows (in thousands):

	Goodwill	Cars.com Trade name
December 31, 2023	\$147,058	\$390,020
Foreign currency translation adjustment	(3,479)	—
Other adjustments	(300)	—
December 31, 2024	<u>\$143,279</u>	<u>\$390,020</u>
Additions ⁽¹⁾	21,980	—
Foreign currency translation adjustment	1,948	—
December 31, 2025	<u>\$167,207</u>	<u>\$390,020</u>

(1) In connection with the DealerClub Acquisition, the Company recorded goodwill in the amount of \$22.0 million. For more information on the DealerClub Acquisition, see Note 3 (Business Combinations).

Goodwill and Indefinite-Lived Intangible Asset Impairment Test. The Company performed impairment tests for goodwill and the indefinite-lived intangible asset. The Company performed a qualitative assessment that considers events and circumstances such as macroeconomic conditions, industry and market conditions, cost factors and overall financial performance, as well as company specific facts and circumstances. After performing this assessment, the Company concluded there were no indicators of impairment and therefore, the Company did not perform a quantitative test and did not record an impairment to goodwill or the indefinite-lived intangible asset during any of the three years ending December 31, 2025, 2024 and 2023.

Definite Lived Intangible Assets. The Company's definite-lived intangible assets by major asset class are as follows (in thousands):

	December 31, 2025				December 31, 2024		
	Weighted Average Remaining Useful Life (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	5.1	\$859,086	\$(739,817)	\$119,269	\$857,733	\$(687,163)	\$170,570
Acquired software	2.2	85,508	(71,917)	13,591	82,386	(63,102)	19,284
Other trade names	3.1	26,975	(22,773)	4,202	26,941	(21,125)	5,816
Content library	—	2,100	(2,100)	—	2,100	(2,100)	—
Total		<u>\$973,669</u>	<u>\$(836,607)</u>	<u>\$137,062</u>	<u>\$969,160</u>	<u>\$(773,490)</u>	<u>\$195,670</u>

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

As of December 31, 2025, projected annual amortization expense for amortizable intangible assets is as follows (in thousands):

2026	\$ 41,534
2027	35,278
2028	29,085
2029	14,335
2030	2,292
Thereafter	14,538
Total	<u>\$137,062</u>

Note 6. Debt

Fifth Amendment to the Credit Agreement. On May 6, 2024, the Company amended and extended its existing Credit Agreement (the “Fifth Amendment”) which resulted in a new \$350.0 million revolving loan due in 2029 (“Revolving Loan”). Upon closing, the Company borrowed \$80.0 million under the new Revolving Loan to pay off and extinguish the outstanding \$45.0 million in aggregate principal amount of existing Term Loan and \$35.0 million in aggregate principal amount of existing Revolving Loan balances. This was a non-cash transaction predominantly amongst existing lenders in the Credit Agreement. Additionally, the Fifth Amendment, among other things, removed the Secured Overnight Financing Rate (SOFR) floor and replaced the financial covenant leverage test to Senior Secured Net Leverage from Senior Secured Leverage. Except as modified by the Fifth Amendment, the existing terms of the Credit Agreement, as amended, remain in effect.

Revolving Loan. As of December 31, 2025, \$295.0 million was available to borrow under the Revolving Loan, and the Company had \$55.0 million of outstanding borrowings. During the year ended December 31, 2025, the Company borrowed \$10.0 million and made \$15.0 million in cash payments on the Revolving Loan. The interest rate in effect as of December 31, 2025 was 5.8%.

Senior Unsecured Notes. In October 2020, the Company issued \$400.0 million aggregate principal amount of 6.375% Senior Unsecured Notes due in 2028. Interest on the notes is due semi-annually on May 1 and November 1.

Debt Issuance Costs. Debt issuance costs related to the various amendments and issuances were \$5.8 million and \$7.7 million as of December 31, 2025 and 2024, respectively. Depending on the nature of the debt issuance costs and the underlying debt to which it relates, they are recorded as either a reduction of debt and accreted using the effective interest method or as a deferred asset and accreted using the straight-line method with the amortization recorded in Interest expense, net in the Consolidated Statements of Income.

Debt Guarantors, Collateral, Covenants and Restrictions. The obligations under the debt agreements are guaranteed by the Company and its subsidiary guarantors. The Guarantors secured their respective obligations under the debt agreements by granting liens in favor of the agent on substantially all of their assets. The terms of the debt agreement include representations and warranties, affirmative and negative covenants (including certain financial covenants) and events of default that are customary for credit facilities of this nature. The negative covenants place restrictions and limitations on the Company’s ability to incur additional indebtedness, make distributions or other restricted payments, create liens, make certain equity or debt investments, engage in mergers or consolidations and engage in certain transactions with affiliates. At each quarter-end, the Company is subject to certain net leverage ratio and interest coverage ratio financial covenants under its Credit Agreement. As of December 31, 2025, the Company was in compliance with the covenants under its debt agreements.

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

Long-term Debt Maturities. Long-term debt includes future principal payments on long-term borrowings through scheduled maturity dates. Excluded from these amounts are the amortization of debt issuance and other costs related to indebtedness. As of December 31, 2025, the Company's contractual payments under then-outstanding long-term debt agreements in each of the next five calendar years and thereafter are as follows (in thousands):

2026	\$ —
2027	—
2028	400,000
2029	55,000
2030	—
Thereafter	—
Total	<u>\$455,000</u>

Note 7. Leases

Leases. The Company is obligated as a lessee under certain non-cancelable operating leases for office space, and is also obligated to pay insurance, maintenance and other executory costs associated with these leases. In May 2016, the Company entered into a lease of office space in Chicago, Illinois. In November 2024, the Company amended this lease, which resulted in a reduction of its office space by 67%, extension of the lease term from June 2031 to June 2036 for the remaining office space, and paid a termination penalty of \$10.5 million. This was accounted for as a lease modification. Monthly rental payments under the lease escalate by 2.5% each year through June 2031, then by 1.5% each year through the remainder of the lease. As a result of this lease modification, and the commencement of a separate lease, the Company recognized \$4.7 million of right of use assets obtained in exchange for lease obligations during the year ended December 31, 2024.

As of December 31, 2025, the Company's scheduled future minimum lease payments under operating leases having initial noncancelable lease terms of more than one year, is as follows (in thousands):

2026	\$ 3,919
2027	2,040
2028	2,093
2029	2,001
2030	1,925
Thereafter	10,442
Total minimum lease payments	22,420
Less: Imputed interest ⁽¹⁾	(5,463)
Present value of the minimum lease payments	16,957
Less: Current maturities of lease obligations	(2,973)
Long-term lease obligations	<u>\$13,984</u>

(1) The Company's lease agreements do not provide a readily determinable implicit rate nor is it available from the Company's lessors. Therefore, in order to discount lease payments to present value, the Company has estimated its incremental borrowing rate based on information available at the lease commencement, modification or acquisition date.

As of December 31, 2025 and 2024, the Company's operating lease balance sheet information is as follows (in thousands):

	December 31,	
	2025	2024
Balance sheet information:		
Investments and other assets, net	\$15,854	\$16,810
Other accrued liabilities	2,973	4,085
Other noncurrent liabilities	13,984	16,545

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

The difference between the operating lease assets and the operating lease liabilities is primarily due to a lease incentive received related to the lease in Chicago, Illinois.

Other information related to the Company's operating leases for the years ended December 31, 2025, 2024 and 2023 is as follows (in thousands, except months and percentages):

	Year Ended December 31,		
	2025	2024	2023
Income statement information:			
Operating lease cost	\$2,149	\$ 2,986	\$3,035
Short-term lease cost	72	66	79
Variable lease cost	213	4,443	3,461
Total lease cost	<u>\$2,434</u>	<u>\$ 7,495</u>	<u>\$6,575</u>
Other information:			
Cash paid for amounts included in the measurement of operating lease liabilities ⁽¹⁾	\$4,986	\$14,790	\$3,672
Weighted-average remaining lease term (in months)	120	130	89
Weighted-average discount rate	6.4%	6.4%	7.5%

(1) The year ended December 31, 2024 includes a termination penalty of \$10.5 million related to the lease amendment.

Note 8. Commitments and Contingencies

From time to time, the Company and its subsidiaries may become involved in actions, claims, suits or other legal or administrative proceedings arising in the ordinary course of business. The Company records a liability when it believes that it is both probable that a loss will be incurred and the amount of loss can be reasonably estimated. The Company evaluates, at least quarterly, developments in its commitments and contingencies that could affect the amount of liability that has been previously accrued and makes adjustments as appropriate. Significant judgment is required to determine both the probability and the estimated amount of liability, if any. It is not possible to predict the outcome of these proceedings or the range of reasonably possible loss. The Company does not expect, based on circumstances currently known, that the ultimate resolution of any of these proceedings will have, either individually or in the aggregate, a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Note 9. Stockholders' Equity

On February 27, 2025, the Company announced that its Board of Directors had authorized a three-year share repurchase program to acquire up to \$250.0 million of the Company's common stock. The Company may repurchase shares from time to time in open market transactions or through privately negotiated transactions in accordance with applicable federal securities laws and other applicable legal requirements. The timing and amounts of any purchases under the share repurchase program will be based on market conditions and other factors, including price. The repurchase program may be suspended or discontinued at any time and does not obligate the Company to repurchase any specific amount or number of shares. The Company funds the share repurchase program principally with cash from operations. As of December 31, 2025, \$173.8 million remained under the share repurchase program.

	Year Ended December 31,		
	2025	2024	2023
<i>(in thousands, except per share data)</i>			
Aggregate purchase price	\$85,982	\$49,179	\$31,293
Shares repurchased	7,062	2,775	1,698
Average purchase price per share	\$ 12.17	\$ 17.72	\$ 18.43

Note 10. Stock-Based Compensation

Omnibus Plan. In May 2017, the Company's Board of Directors approved the Cars.com Inc. Omnibus Incentive Compensation Plan (the "Omnibus Plan"), which provides for the granting of new shares for stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and other stock-based and cash-based

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

awards. At the June 4, 2025 Annual Meeting of Stockholders, the Company’s stockholders approved amendments to the Omnibus Plan to increase the maximum number of shares of the Company’s common stock, par value \$0.01 per share, that may be issued under the Omnibus Plan by 4.0 million shares to a total of 22.0 million shares and extend the term of the Omnibus Plan to June 4, 2035. As of December 31, 2025, there were 5.8 million common shares available for future grants. The Company issues new shares of common stock for shares delivered under the Omnibus Plan. A copy of the Company’s Amended and Restated Omnibus Incentive Compensation Plan is incorporated by reference as Exhibit 10.26 to this Annual Report on Form 10-K.

Inducement Plan. In December 2025, the Company’s Board of Directors approved the Cars.com Inc. 2025 Inducement Equity Plan (the “Inducement Plan”), which provides for the granting of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and other stock-based and cash-based awards to individuals who were not previously employees or directors of the Company. A maximum of 1.0 million common shares may be issued under the Inducement Plan. As of December 31, 2025, there were 0.6 million common shares available for future grants. The Company issues new shares of common stock for shares delivered under the Inducement Plan. A copy of the Company’s Inducement Plan is incorporated by reference as Exhibit 10.28 to this Annual Report on Form 10-K.

Information related to stock-based compensation expense is as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Stock-based compensation expense	\$31,327	\$30,553	\$28,491
Income tax benefit related to stock-based compensation expense	6,563	5,138	4,505

Stock-based compensation expense by financial statement line item on the Company’s Consolidated Statements of Income is as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Cost of revenue and operations	\$ 820	\$ 871	\$ 1,487
Product and technology	8,656	10,684	8,814
Marketing and sales	6,034	5,381	5,740
General and administrative	15,817	13,617	12,450
Total ⁽¹⁾	<u>\$31,327</u>	<u>\$30,553</u>	<u>\$28,491</u>

(1) For the years ended December 31, 2025, 2024 and 2023, \$0.1 million, \$0.3 million, and \$0.3 million, respectively, of capitalized internally developed technology costs is excluded from stock-based compensation expense.

Information related to outstanding stock-based compensation awards as of December 31, 2025 for restricted share units (“RSUs”), performance share units (“PSUs”), stock options and the Cars.com, Inc. Employee Stock Purchase Plan (“ESPP”) is as follows (in thousands, except for weighted-average remaining period):

	Unearned Compensation	Weighted-Average Remaining Period (in years)
RSUs	\$33,301	2.0
PSUs	4,111	2.5
Stock Options	—	—
ESPP	350	0.4
Total	<u>\$37,762</u>	

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

Restricted Share Units. RSUs represent the right to receive unrestricted shares of the Company's common stock at the time of vesting, subject to any restrictions as specified in the individual holder's award agreement. RSUs are subject to graded vesting, generally ranging between one year to three years and the fair value of the RSUs is equal to the Company's common stock price on the date of grant. RSU activity for the year ended December 31, 2025 is as follows (in thousands, except for weighted-average grant date fair value):

	Number of RSUs	Weighted-Average Grant Date Fair Value
Outstanding as of December 31, 2024	3,637	\$16.52
Granted	3,266	11.74
Vested and delivered	(1,582)	16.06
Forfeited	(721)	14.08
Outstanding as of December 31, 2025⁽¹⁾	<u>4,600</u>	\$13.67

(1) Includes 441 RSUs that were vested, but not yet delivered.

The weighted-average grant-date fair value of RSUs granted during the year ended December 31, 2023 was \$16.72. The total grant-date fair value of RSUs that vested during the years ended December 31, 2025, 2024 and 2023 was \$25.4 million, \$24.5 million and \$19.1 million, respectively.

Performance Share Units. PSUs represent the right to receive unrestricted shares of the Company's common stock at the time of vesting. The fair value of the PSUs is equal to the Company's common stock price on the date of grant. Expense related to PSUs is recognized when the performance conditions are probable of being achieved. The percentage of PSUs that shall vest will range from 0% to 200% of the number of PSUs granted based on the Company's future performance over a one-year to three-year performance period related primarily to certain revenue, adjusted earnings before interest, income taxes, depreciation and amortization, cumulative adjusted net income per share targets, total shareholder return and share price targets. These PSUs are subject to cliff vesting after the end of the respective performance period. PSU activity for the year ended December 31, 2025 is as follows (in thousands, except for weighted-average grant date fair value):

	Number of PSUs	Weighted-Average Grant Date Fair Value
Outstanding as of December 31, 2024	931	\$16.37
Granted	698	12.91
Vested and delivered ⁽¹⁾	—	—
Forfeited	(596)	14.17
Outstanding as of December 31, 2025	<u>1,033</u>	\$15.30

(1) The actual amount of shares that become common shares outstanding as of the date of vesting and delivery and will vary based on the attainment percentage of the relevant performance conditions.

The weighted-average grant-date fair value of PSUs granted during the year ended December 31, 2023 was \$16.47.

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

Stock Options. Stock options represent the right to purchase shares of the Company's common stock at the time of vesting, subject to any restrictions as specified in the individual holder's award agreement. Stock options are subject to three-year cliff vesting and expire 10 years from the grant date. Stock option activity for the year ended December 31, 2025 is as follows (in thousands, except for weighted-average grant date fair value and weighted-average remaining contractual term):

	Number of Options	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2024	1,067	\$6.28	5.98	\$7,346
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Outstanding as of December 31, 2025	<u>1,067</u>	6.28	4.98	3,490
Exercisable as of December 31, 2025	1,067	6.28	4.98	3,490

There were no stock options granted during the years ending December 31, 2025 and 2024. The fair value of the stock options granted during the year ended December 31, 2023 were estimated on the grant date using the Black-Scholes option pricing model, using the following assumptions:

	<u>2023</u>
Risk-free interest rate	2.21%
Weighted-average volatility	65.22%
Dividend yield	0%
Expected years until exercise	6.5

Employee Stock Purchase Plan. Eligible employees may authorize payroll deductions of up to 10% of the employee's base earnings with a maximum of \$10,000 per every six-month offering period to purchase the Company's common stock at a purchase price per share equal to 85% of the lower of (i) the closing market price per share of the Company at the beginning of the offering period or (ii) the closing market price per share at the end of the offering period. A maximum of three million shares are available for issuance under the ESPP. As of December 31, 2025, 1.5 million shares were available for issuance under the ESPP.

Information related to the ESPP is as follows (in thousands):

	<u>Year Ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Shares issued related to the ESPP	246	187	179
Stock-based compensation expense related to the ESPP	\$824	\$705	\$760

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

Note 11. Net Income Per Share

Basic net income per share is calculated by dividing Net income by the weighted-average number of shares of the Company's common stock outstanding. Diluted net income per share is similarly calculated, except that the calculation includes the dilutive effect of the assumed issuance of shares under stock-based compensation plans, unless the inclusion of such shares would have an anti-dilutive impact. As part of the DealerClub Acquisition, the Company may pay up to \$88.0 million of performance-based consideration in shares of the Company's stock at a future date if mutually agreed upon. Those potential shares have been excluded from the computations below as they are contingently issuable shares, and the contingency to which the issuance relates was not met at the end of the reporting period. The computation of net income per share is as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2025	2024	2023
Net income ⁽¹⁾	\$20,052	\$48,188	\$118,442
Basic weighted-average common shares outstanding	62,386	66,006	66,742
Effect of dilutive stock-based compensation awards ⁽²⁾	878	1,381	1,485
Diluted weighted-average common shares outstanding	63,264	67,387	68,227
Net income per share, basic ⁽¹⁾	\$ 0.32	\$ 0.73	\$ 1.77
Net income per share, diluted ⁽¹⁾	0.32	0.72	1.74

- (1) During the year ended December 31, 2023 the Company released a significant portion of its valuation allowance for deferred tax assets that had been recorded as a result of the 2020 goodwill and indefinite-lived intangible asset impairments. For more information, see Note 12 (Income Taxes).
- (2) There were 1,408, 31 and 290 potential common shares excluded from diluted weighted-average common shares outstanding for the years ended December 31, 2025, 2024 and 2023, respectively, as their inclusion would have had an anti-dilutive effect.

Note 12. Income Taxes

Selected Information Related to Income Taxes. Significant components of Income before income taxes are as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
U.S.	\$41,234	\$71,659	\$20,917
Non-U.S.	(6,928)	(9,796)	(2,812)
Income before income taxes	<u>\$34,306</u>	<u>\$61,863</u>	<u>\$18,105</u>

Significant components of the income tax provision are as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Current:			
U.S. federal	\$ 139	\$ (609)	\$ 11,603
U.S. state and local	573	1,198	2,289
Non-U.S.	2,092	1,192	269
Total current income tax expense	<u>2,804</u>	<u>1,781</u>	<u>14,161</u>
Deferred:			
U.S. federal	8,878	12,210	(95,298)
U.S. state and local	3,442	533	(19,034)
Non-U.S.	(870)	(849)	(166)
Total deferred income tax expense (benefit)	<u>11,450</u>	<u>11,894</u>	<u>(114,498)</u>
Income tax expense (benefit)	<u>\$14,254</u>	<u>\$13,675</u>	<u>\$(100,337)</u>

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

The income tax provision differed from amounts computed at the U.S. federal statutory tax rate as follows (in thousands, except percentages):

	Year Ended December 31,					
	2025		2024		2023	
	\$	%	\$	%	\$	%
Income tax provision at statutory rate	\$ 7,204	21.0%	\$12,991	21.0%	\$ 3,803	21.0%
State and local income taxes, net of federal income tax effect ⁽¹⁾	4,557	13.3	2,098	3.4	148	0.8
Foreign tax effects						
Canada						
Provincial income taxes	649	1.9	(156)	(0.3)	—	—
Nondeductible transaction expenses	2,253	6.6	2,287	3.7	627	3.5
Other, net	(236)	(0.7)	223	0.4	22	0.1
Effect of cross-border tax laws	(46)	(0.1)	(93)	(0.1)	—	—
Tax credits	(4,278)	(12.5)	(3,770)	(6.1)	(3,491)	(19.3)
Changes in valuation allowance	—	—	(2,318)	(3.7)	(103,149)	(569.7)
Nontaxable or nondeductible items						
Stock-based compensation	1,233	3.6	(650)	(1.1)	(2,859)	(15.8)
Nondeductible executive compensation	2,423	7.1	1,917	3.1	2,771	15.3
Nondeductible transaction expenses	—	—	(201)	(0.3)	(166)	(0.9)
Changes in unrecognized tax benefits	283	0.8	1,216	2.0	1,086	6.0
Other, net	212	0.5	131	0.1	871	4.8
Income tax expense (benefit)	<u>\$14,254</u>	<u>41.5%</u>	<u>\$13,675</u>	<u>22.1%</u>	<u>\$(100,337)</u>	<u>(554.2)%</u>

(1) In 2025, the state taxes in California, Illinois, New Jersey and New York made up the majority (greater than 50%) of the tax effect in this category.

Cash Taxes Paid. Significant components of income taxes paid (net of refunds received) are as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
U.S. federal	\$ —	\$1,709	\$14,790
Alabama	147	*	*
Georgia	250	*	*
Michigan	*	344	*
Pennsylvania	271	*	*
Other	1,039	1,889	2,578
U.S. state and local	1,707	2,233	2,578
Canada	861	2,545	268
Total	<u>\$2,568</u>	<u>\$6,487</u>	<u>\$17,636</u>

* The amount of income taxes paid (net of refunds received) during the year does not meet the 5% disaggregation threshold and is included in 'Other'.

Deferred Tax Assets, Liabilities and Valuation Allowance. The Company has recorded deferred tax assets related to federal and state income tax net operating loss (“NOL”) carryforwards of approximately \$20.5 million and \$2.9 million as of December 31, 2025 and 2024, respectively. These federal NOLs, and certain state NOLs, can be carried forward indefinitely.

The Company has also recorded deferred tax assets related to federal and state research and development (“R&D”) tax credit carryforwards of \$4.2 million and \$1.9 million as of December 31, 2025 and 2024, respectively. The federal and state R&D tax credits generally may be carried forward 20 years and 5 years, respectively.

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

The Tax Cuts and Jobs Act enacted in December 2017 amended Internal Revenue Code (“IRC”) Section 174 to require that specific research and experimental (“R&E”) expenditures be capitalized and amortized over five years (15 years for non-U.S. R&E expenditures) beginning in the Company’s 2022 fiscal year.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted. The OBBBA restored immediate expensing for domestic R&E expenditures that required capitalization under IRC Section 174 and reinstated the EBITDA-based limitation for business interest expense under IRC Section 163(j).

During 2023, the Company released a significant portion of the valuation allowance that had been previously recorded against its deferred tax assets. In connection with the sale of the Company’s RepairPal equity investment during 2024, the Company released its remaining portion of the valuation allowance. As a result, the Company has no valuation allowance recorded as of December 31, 2024 and 2025. For more information on the sale, see Note 2 (Significant Accounting Policies).

Significant components of the deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2025	2024
Deferred income tax liabilities:		
Indefinite lived intangibles	\$ (33,949)	\$ (24,161)
Property and equipment	(5,382)	(7,309)
Right of use assets	(3,996)	(4,227)
Other	(2,308)	(1,402)
Total deferred tax liabilities	\$ (45,635)	\$ (37,099)
Deferred income tax assets:		
Goodwill	\$ 46,528	\$ 55,947
NOL and tax credit carryforwards	24,695	4,813
Definite lived intangibles	21,146	15,204
Capitalized research and development costs	16,273	28,677
Accrued compensation	11,134	11,961
Lease obligations	6,654	7,812
Interest expense limitation	1,558	6,442
Total deferred tax assets	127,988	130,856
Net deferred tax asset	<u>\$ 82,353</u>	<u>\$ 93,757</u>

The deferred tax assets and liabilities recognized in the Company’s Consolidated Balance Sheets as of December 31, 2025 and 2024 were as follows (in thousands):

	December 31,	
	2025	2024
Deferred tax assets, net	\$88,594	\$100,530
Deferred tax liabilities, net	(6,241)	(6,773)
Net deferred tax asset	<u>\$82,353</u>	<u>\$ 93,757</u>

Uncertain Tax Positions. A summary of the Company’s uncertain tax positions is as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Balance as of January 1	\$4,301	\$3,477
Additions based on tax positions related to the current year	705	680
Additions for tax positions of prior years	79	408
Reductions for tax positions of prior years	(568)	(264)
Balance as of December 31	<u>\$4,517</u>	<u>\$4,301</u>

Cars.com Inc.
Notes to Consolidated Financial Statements (Continued)

As of December 31, 2025 and 2024, the Company had \$4.5 million and \$4.3 million, respectively, of uncertain tax positions that, if recognized, would affect the annual tax rate.

The Company files a consolidated U.S. federal income tax return, as well as income tax returns in various other jurisdictions, including in Canada. The Company's tax returns are routinely audited by tax authorities, and these tax audits are at various stages of completion at any given time. The Company's tax returns open to examination by taxing authorities are for years beginning on or after January 1, 2021. The Company believes it has adequate tax reserves to cover potential federal, state or foreign tax exposures.

Note 13. Segment Information

Operating segments are components of an entity for which separate financial information is available and evaluated regularly by the chief operating decision maker (the "CODM") in deciding how to allocate resources and in assessing performance. The Company has determined that it has a single operating and reportable segment. The Company's CODM is its Chief Executive Officer. The CODM makes resource allocation decisions to maximize the Company's consolidated financial results. Significant expenses reviewed by the CODM are primarily limited to those that are presented in the Consolidated Statements of Income. The significant expense categories disclosed in the December 31, 2024 Consolidated Financial Statements, except for those also presented in the Consolidated Statements of Income, are no longer regularly provided to or utilized by the CODM. Asset information is not provided to the CODM.

For the years ended December 31, 2025, 2024 and 2023, the Company did not have any one customer that generated greater than 10% of total revenue. Substantially all revenue and long-lived assets were generated and located within the U.S.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure. None.

Item 9A. Controls and Procedures.

Management’s Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over our financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements.

In evaluating the effectiveness of our internal control over financial reporting as of December 31, 2025, management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework* (2013). Based on such evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2025. Management reviewed the results of its assessment with the Audit Committee of our Board of Directors.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Ernst & Young LLP, our independent registered public accounting firm, issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2025 included herein.

Changes in Internal Control over Financial Reporting

During the period covered by this Annual Report on Form 10-K, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Cars.com Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Cars.com Inc.'s internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Cars.com Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Consolidated Balance Sheets of Cars.com Inc. as of December 31, 2025 and 2024, the related Consolidated Statements of Income, Comprehensive Income, Stockholders' Equity and Cash Flows for each of the three years in the period ended December 31, 2025, and the related notes and our report dated February 26, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Chicago, Illinois
February 26, 2026

Item 9B. Other Information.

During the quarter ended December 31, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as the terms are defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance. We have adopted an Insider Trading Policy that governs the purchase, sale, and/or other dispositions of our securities by directors, officers and employees that is reasonably designed to promote compliance with insider trading laws, rules and regulations, and applicable New York Stock Exchange listing requirements. A copy of our Insider Trading Policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K. The other information required by this item will be included in the Company’s definitive proxy statement, to be filed with the U.S. Securities and Exchange Commission (“SEC”) within 120 days after the end of the Company’s fiscal year ended December 31, 2025 in connection with the 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. Executive Compensation. The information required by this item will be included in the Company’s definitive proxy statement, to be filed with the SEC within 120 days after the end of the Company’s fiscal year ended December 31, 2025 in connection with the 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters. The information required by this item will be included in the Company’s definitive proxy statement, to be filed with the SEC within 120 days after the end of the Company’s fiscal year ended December 31, 2025 in connection with the 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence. The information required by this item will be included in the Company’s definitive proxy statement, to be filed with the SEC within 120 days after the end of the Company’s fiscal year ended December 31, 2025 in connection with the 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services. Information about aggregate fees billed to the Company by its principal accountant, Ernst & Young LLP (PCAOB ID No. 42) will be included under the caption “Independent Auditor Fees” in the definitive proxy statement, to be filed with the SEC within 120 days after the end of the Company’s fiscal year ended December 31, 2025 in connection with the 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

- (a) (1) *Financial Statements.* The financial statements required by this item are listed in Part II, Item 8., “Financial Statements and Supplementary Data” herein and linked as follows:

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Comprehensive Income

Consolidated Statements of Stockholders’ Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

- (2) *Financial Statement Schedules.* All other schedules are omitted because they are not applicable, not required or the required information is shown in the Consolidated Financial Statements or notes thereto.
- (b) *Exhibits.* The exhibits required by this item are listed in the Exhibit Index which immediately precedes the exhibits filed with this Form 10-K and is incorporated herein by this reference.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
3.1**	Amended and Restated Certificate of Incorporation of Cars.com Inc. (incorporated by reference to Exhibit 3.1 to Cars.com Inc.'s Form 8-K filed on June 6, 2025, File No. 001-37869).
3.2**	Amended and Restated By-Laws of Cars.com Inc. (incorporated by reference to Exhibit 3.2 of Form 8-K filed on October 23, 2018, File No. 001-37869).
4.1**	Description of Securities
4.2**	Indenture, dated October 30, 2020, among Cars.com Inc., the subsidiary guarantors party hereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed by Cars.com Inc. on October 30, 2020)
4.3**	First Supplemental Indenture, dated November 17, 2021 among CreditIQ, Inc., Cars.com Inc. and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.3 of Cars.com Inc.'s Annual Report on Form 10-K for the fiscal year end December 31, 2021, File No. 001-37869)
10.1**	Credit Agreement dated as of May 31, 2017 among Cars.com Inc., as Borrower, each lender from time to time party hereto, the other parties party hereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.7 to Cars.com Inc.'s Form 8-K filed on June 5, 2017, File No. 001-37869)
10.2**	First Amendment to Credit Agreement dated as of October 4, 2019 among Cars.com Inc., the Subsidiary Guarantors party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to Cars.com Inc.'s Form 8-K filed on October 7, 2019, File No. 001-37869)
10.3**	Second Amendment to Credit Agreement, dated as of June 15, 2020, by and among Cars.com Inc., each lender from time to time party thereto, the other parties party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to Cars.com Inc.'s Form 8-K filed on June 16, 2020, File No. 001-37869)
10.4**	Third Amendment to Credit Agreement, dated October 30, 2020, among Cars.com Inc., each lender from time to time party thereto, the other parties party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to Cars.com Inc.'s Form 8-K filed on October 30, 2020)
10.5**	Fourth Amendment to Credit Agreement dated as of June 23, 2023 among Cars.com Inc., each lender from time to time party thereto, the other parties thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to Cars.com Inc.'s Form 10-Q filed on August 3, 2023, File No. 001-37869)
10.6**	Fifth Amendment to Credit Agreement dated as of May 6, 2024 among Cars.com Inc., each lender from time to time party thereto, the other parties thereto and JPMorgan Chase Bank N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to Cars.com Inc.'s Form 10-Q filed on May 9, 2024, File No. 001-37869)
10.7**^	Cars.com Inc. Omnibus Incentive Compensation Plan (Amended and Restated Effective June 4, 2025) (incorporated by reference to Exhibit 99.1 of Cars.com Inc.'s Form S-8 filed on June 4, 2025, File No. 33-287762).

Exhibit Number	Exhibit Description
10.8**^	Cars.com Inc. Deferred Compensation Plan (incorporated by reference to Exhibit 10.5 to Cars.com Inc.'s Form 8-K filed on June 5, 2017, File No. 001-37869).
10.9**^	Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.6 to Cars.com Inc.'s Form 8-K filed on June 5, 2017, File No. 001-37869).
10.10**^	Cars.com Inc. Change in Control Severance Plan (incorporated herein by reference to Exhibit 10.3 to Cars.com Inc.'s Quarterly Report on Form 10-Q filed August 8, 2024, File No. 001-37869).
10.11**^	Cars.com Inc. Executive Severance Plan (incorporated herein by reference to Exhibit 10.4 to Cars.com Inc.'s Quarterly Report on Form 10-Q filed August 8, 2024, File No. 001-37869).
10.12**^	Restricted Stock Unit Award Agreement, effective as of January 1, 2017, between TEGNA Inc. and Alex Vetter (incorporated by reference to Exhibit 10.6 of Amendment No. 4 to Cars.com Inc.'s Registration Statement on Form 10 filed on April 27, 2017, File No. 001-37869).
10.13**^	Form of 2017 Director Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 10.3 to Cars.com Inc.'s Quarterly Report on Form 10-Q filed on June 20, 2017, File No. 001-37869).
10.14**^	Form of 2017 Employee Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 10.4 to Cars.com Inc.'s Quarterly Report on Form 10-Q filed June 20, 2017, File No. 001-37869).
10.15**^	Form of Director Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 10.17 to Cars.com Inc.'s Annual Report on Form 10-K filed February 28, 2019, File No. 001-37869).
10.16**^	Form of Performance Based Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 10.18 to Cars.com Inc.'s Annual Report on Form 10-K filed February 28, 2019, File No. 001-37869)
10.17**^	Form of 2020 Employee Restricted Stock Unit Award Agreement (2020) issued under the Cars.com Inc. Omnibus Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.1 to Cars.com Inc.'s Quarterly Report on Form 10-Q filed May 6, 2020, File No. 001-37869)
10.18**^	Form of Employee Option Award Agreement issued under the Cars.com Inc. Omnibus Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.2 to Cars.com Inc.'s Quarterly Report on Form 10-Q filed May 6, 2020, File No. 001-37869)
10.19**^	Form of Restricted Stock Unit Award Agreement issued under the Cars.com Inc. Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.1 to Cars.com Inc.'s Quarterly Report on Form 10-Q filed August 8, 2024, File No. 001-37869)
10.20**^	Form of Performance Stock Unit Award Agreement issued under the Cars.com Inc. Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.2 to Cars.com Inc.'s Quarterly Report on Form 10-Q filed August 8, 2024, File No. 001-37869)
10.21**^	Form of 2020 Director Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 10.2 to Cars.com Inc.'s Quarterly Report on Form 10-Q filed on July 30, 2020, File No. 001-37869)

Exhibit Number	Exhibit Description
10.22**^	Letter Agreement, dated as of November 2, 2016, between Cars.com, LLC and Alex Vetter (incorporated by reference to Exhibit 10.14 of Amendment No. 4 to Cars.com Inc.'s Registration Statement on Form 10 filed on April 27, 2017, File No. 001-37869).
10.23**^	Letter Agreement, dated as of July 9, 2018, between Cars.com, LLC and Doug Miller (incorporated herein by reference to Exhibit 10.27 to Cars.com Inc.'s Annual Report on Form 10-K filed February 28, 2019, File No. 001-37869).
10.24**^	Letter Agreement, dated February 25, 2022, between Cars.com LLC and Angelique Strong Marks (incorporated by reference to Exhibit 10.1 to Cars.com Inc.'s Form 10-Q filed on August 3, 2022, File No. 001-37869).
10.25**^	Employment Offer Letter, dated September 7, 2022 between Cars.com LLC and Sonia Jain (incorporated by reference to Exhibit 10.1 to Cars.com Inc.'s Form 8-K filed on October 4, 2022, File No. 001-37869)
10.26**^	Amended and Restated Cars.com Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 99.1 of Cars.com Inc.'s Form S-8 filed on June 4, 2025, File No. 333-287762)
10.27**^	Letter Agreement, dated as of December 14, 2025, between Cars.com, LLC and Tobias Hartmann (incorporated herein by reference to Exhibit 10.1 to Cars.com Inc.'s Form 8-K filed on December 18, 2025, File No. 001-37869)
10.28**^	Cars.com Inc. 2025 Inducement Equity Plan (incorporated herein by reference to Exhibit 10.2 to Cars.com Inc.'s Form 8-K filed on December 18, 2025, File No. 001-37869)
19.1*	Cars.com Inc. Insider Trading Policy
21.1*	Subsidiaries of Cars.com Inc.
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1**	Cars.com Inc. Clawback Policy (incorporated herein by reference to Exhibit 97.1 to Cars.com Inc.'s Annual Report on Form 10-K filed February 22, 2024, File No. 001-37869)
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.

Exhibit Number	Exhibit Description
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Document
104	Cover Page formatted as Inline XBRL and contained in Exhibit 101

* Filed herewith.

** Previously filed.

^ Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary. None.

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Stock Exchange

Cars.com's stock is listed on the New York Stock Exchange under the ticker symbol CARS.

Transfer Agent

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300 S. Riverside Plaza, Suite 1100
Chicago, Illinois 60606

Independent Registered Public Accounting Firm

Ernst & Young LLP

Investor Relations

Cars.com Inc.'s Form 10-K, Form 10-Q, proxy statement and other filings with the Securities and Exchange Commission, as well as press releases and other investor information, are available free of charge on the Company's website at Investor.cars.com. Requests for information may also be made to the head of Investor Relations at the Company's headquarters or at ir@carscommerce.inc.

Annual Meeting

The 2026 Annual Meeting of Stockholders of Cars.com Inc. will be held as a virtual only meeting. Any stockholder can join the meeting, while only stockholders of record as of April 6, 2026, will be able to vote and submit questions during the meeting.

Date: Wednesday, June 3, 2026

Time: 9:30 a.m., central time

Virtual Stockholder Meeting: <http://www.virtualshareholdermeeting.com/CARS2026>



300 S. Riverside Plaza, Suite 1100, Chicago, IL 60606

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