

carsales  com Ltd

# 51% Acquisition of Trader Interactive and Equity Raising

27 June 2022

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The consummation of the Acquisition, or any transaction, will be also subject to various risks and contingencies. There can be no assurance that the Acquisition, or any transaction, will be consummated.

The Entitlement Offer comprises:

- an offer of new fully paid ordinary shares in carsales ("**New Shares**") to eligible institutional shareholders ("**Institutional Entitlement Offer**") with an associated bookbuild offer ("**Institutional Bookbuild**"); and
- an offer of New Shares to eligible retail shareholders ("**Retail Entitlement Offer**"),

in accordance with section 708AA of the *Corporations Act 2001* (Cth) ("**Corporations Act**") as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*.

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**Non-IFRS/non-GAAP measures:** Investors should be aware that throughout this Presentation, carsales has included certain financial information that are "non-GAAP financial measures" within the meaning of Regulation G of the US Securities Exchange Act of 1934, as amended, and "non-IFRS financial information" under ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information). This presentation includes certain non-IFRS measures including "Adjusted", "pro forma" and "look-through". carsales believes that these non-IFRS/non-GAAP financial and operating measures provide useful information to recipients for measuring the underlying operating performance of carsales' business. Non-IFRS/non-GAAP measures have not been subject to audit. The disclosure of such non-IFRS/non-GAAP financial measures in the manner included in the Presentation may not be permissible in a registration statement under the US Securities Act. These non-IFRS /non-GAAP financial measures do not have a standardised meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with IFRS. Although carsales believes that these non-IFRS /non-GAAP financial measures provide useful information to users in measuring the financial position of its business, investors are cautioned not to place undue reliance on any non-IFRS /non-GAAP financial measures included in this Presentation.

**Pro forma financial information:** This Presentation also includes pro forma and forecast financial information in relation to Trader Interactive following the Acquisition and the Entitlement Offer. The pro forma financial information has been prepared on the basis set out on slides 32-33 of the presentation filed with ASX today and includes certain pro forma adjustments as described therein. The forecast financial information has been prepared on the basis set out on slide 8 (4Q FY22 Annualized) and slide 35 for carsales FY22 estimate. Pro forma adjustment refers to hypothetical amounts adjusted to present financials on a consistent basis for a period and normalisation adjustment refers to non-operating, non-recurring items and new ventures non-cash items. The pro forma financial and other information relating to the impact of the acquisition of Trader Interactive and Entitlement Offer has been prepared by carsales in reliance on information that was provided to carsales by Trader Interactive in connection with the Acquisition. The pro forma financial information has been subject to review in accordance with the Australian Accounting Standards. The pro forma and forecast financial information included in this Presentation is for illustrative purposes only and is not represented as being indicative of carsales views on, nor anyone else's, future financial position and/or performance or any scale benefits, synergies or opportunities that may be realised as a result of the acquisition. In addition, the pro forma financial information in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.



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**Timelines:** Investors should be aware that throughout this Presentation, carsales has presented certain financial information on different time frames including Financial Year ("FY"), Calendar year ("CY") and "Q4 FY22 annualised". Financial Year (FY) refers to period of twelve months ending 30 June and Calendar Year (CY) refers to period of twelve months ending 31 December. "Q4 FY22 annualised" refers to an annualised forecast prepared using the unaudited results for the period 1 April 2022 – 30 June 2022 multiplied by 4. carsales believes that "Q4 FY22 annualised" financial measures for Trader Interactive provides useful information to recipients for measuring the current operating performance due to timing of price increases and seasonality, however such measures involve inherent known and unknown risks, uncertainties and contingencies, both general and specific, many of which are beyond carsales' control. "Q4 FY22 annualised" measure has been provided as a general guide only, are based on the information available to carsales as at the date of this Presentation and should not be relied on as an indication, representation or guarantee of future performance. Investors should also refer to the "Forward looking statements" disclaimer set out above.

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You acknowledge and agree that determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of carsales and the Underwriters. To the maximum extent permitted by law, carsales and the Underwriter Group disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion. carsales reserves the right to withdraw the Entitlement Offer or vary the timetable for the Entitlement Offer without notice (in the latter case, subject to the Underwriters' prior written consent).

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In connection with the Institutional Bookbuild, one or more institutional investors may elect to acquire an economic interest in the New Shares (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those securities. Each Underwriter (or its affiliates) may, for its own account, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire New Shares in carsales in connection with the writing of those derivative transactions in the Institutional Bookbuild and/or the secondary market. As a result of those transactions, each Underwriter (or its affiliates) may be allocated, subscribe for or acquire New Shares or securities of carsales in the Institutional Bookbuild and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other securities in carsales acquired by an Underwriter or its affiliates in connection with their ordinary course sales and trading, principal investing and other activities, result in an underwriter or its affiliates disclosing a substantial holding and earning fees.

Goldman Sachs Australia Pty Ltd ("**GSA**") and/or its affiliates (GSA, together with its affiliates, "**Goldman Sachs**") is acting as a joint lead manager, bookrunner and underwriter to the Entitlement Offer (together with the other Underwriters) to partially fund the Acquisition and will receive underwriting and other fees, as well as the reimbursement of expenses, for acting in that capacity. In addition, West Street Capital Partners VII, a fund managed by the Goldman Sachs Asset Management Division ("**Goldman Sachs Fund**") (which is an affiliate of GSA) is a seller of part of the remaining interests in Trader Interactive to be acquired by carsales (and the Goldman Sachs Fund and/or an affiliate will receive part of the sale consideration). Goldman Sachs is acting as joint arranger, bookrunner and underwriter to a debt facility to carsales to partially fund the Acquisition. Goldman Sachs & Co. LLC ("**GS&Co**") (which is also an affiliate of GSA) is acting as financial adviser to Trader Interactive in relation to the Acquisition. Goldman Sachs, including, without limitation, GS&Co, may receive fees, earn interest and mark profits as well as benefit from indemnification and recover expenses in connection with acting in these capacities.

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**Rounding and currency:** Certain figures, percentages, estimates, calculations of value and fractions provided in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in the Presentation. All financial amounts contained in this Presentation are expressed in Australian currency, unless otherwise stated.

# Table of Contents

Title	Pages
Transaction Summary	7 – 10
Strategic Rationale of Acquisition	11 – 22
Trader Interactive Overview	23 – 29
Acquisition Terms, Funding And Financial Impact	30 – 33
Trading Update	34 – 36
Equity Raising	37 – 39
Appendices	40 – 65

A photograph of a motorcycle in a field at sunset. The motorcycle is in the foreground, slightly out of focus, with its headlight and handlebars visible. The background shows a field of tall grass and a person riding a motorcycle in the distance, silhouetted against the bright sun. The sky is a mix of blue and orange.

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# Transaction Summary

# Transaction Summary

<b>Transaction Details</b>	<ul style="list-style-type: none"><li>carsales has exercised its call option to acquire the remaining 51% of Trader Interactive ("<b>Trader Interactive</b>" or "<b>TI</b>"), ("<b>Acquisition</b>"), for USD\$809 million<sup>1</sup>, or approximately AUD\$1,172 million equivalent<sup>2</sup> ("<b>Acquisition Price</b>")</li><li>The Acquisition Price values Trader Interactive on an 100% Enterprise Value ("<b>EV</b>") equivalent basis at USD\$1,897 million, or approximately AUD\$2,749 million equivalent<sup>2</sup>, representing a Q4 FY22 annualised EBITDA multiple of 21.3x<sup>3</sup></li></ul>
<b>Overview of Trader Interactive</b>	<ul style="list-style-type: none"><li>Trader Interactive is a leading platform of branded marketplaces in the United States ("<b>US</b>") providing digital marketing solutions and services across recreational vehicle ("<b>RV</b>"), powersports, commercial truck and equipment industries</li><li>TI has a strong financial profile with forecast Q4 FY22 annualised Revenue of USD\$151 million and Adjusted EBITDA of USD\$89 million. TI has delivered double-digit revenue and earnings growth over the last five years<sup>4</sup></li></ul>
<b>Acquisition Funding</b>	<ul style="list-style-type: none"><li>To be funded via an AUD\$1,207 million accelerated non-renounceable entitlement offer ("<b>Entitlement Offer</b>" or "<b>Equity Raising</b>") and, together with the Acquisition, the "<b>Transaction</b>")</li><li>New Shares issued under the Entitlement Offer will participate in the FY22 final dividend</li><li>carsales is expected to maintain a strong balance sheet post completion of the Acquisition, with pro forma FY22 Net Debt / EBITDA of ~2.7x for the combined business assuming Acquisition occurred on 30 June 2022. Net Debt / EBITDA is expected to reduce to under 2.0x within the next two years</li><li>All carsales' Directors are participating in the Entitlement Offer<sup>5</sup></li></ul>

(1) Acquisition price calculated as 100% EV less net debt and other adjustments of US\$358 million expected at completion, multiplied by 51% being the interest in Trader Interactive not owned by carsales and adjusted for payout of the Management Equity Plan (MEP). The final Acquisition Price is subject to completion adjustments and may differ from the number reported in this announcement. (2) Assumes an AUD / USD exchange rate of 0.69. (3) Data has been extracted from the Trader Interactive reviewed financials for FY22 which were prepared in accordance with US GAAP and have a December year-end. US GAAP differs from IFRS and reconciliations have not been provided. The basis of preparation of financial information included in this presentation is set out in further detail on slide 3-5. Q4 FY22 annualised forecast prepared using the unaudited results for the period 1-Apr-22 – 30-Jun-22. Adjusted EBITDA of USD\$89million for TI, which includes certain pro forma and other normalisation adjustments described on slides 32-33. (4) FY17-FY22 forecast Revenue and Adjusted EBITDA CAGR (5) For either full or part of their entitlements under the Entitlement Offer.



# Transaction Summary (cont.)

<b>Financial Impact</b>	<ul style="list-style-type: none"> <li>carsales will report the results of TI on a consolidated basis post completion of the Acquisition in H1 FY23. Pro forma FY22<sup>1</sup> Revenue and EBITDA for the combined business is expected to be between AUD\$700-704 million and AUD\$379-383 million respectively<sup>2</sup> assuming Acquisition occurred on 1 July 2021</li> <li>The Transaction is expected to be low double-digit Earnings Per Share (“EPS”) accretive in the first full year after completion<sup>3</sup></li> <li>carsales to retain its existing dividend policy which is an 80% payout ratio of Adjusted net profit after tax</li> </ul>
<b>Growth Opportunities</b>	<ul style="list-style-type: none"> <li>Highly strategic transaction with growth opportunities to be unlocked from transitioning to 100% carsales ownership<sup>4</sup></li> <li>Large opportunity for carsales to add value through deployment of new products, technology platforms and strategic insights</li> <li>carsales has an excellent track record of delivering value through global acquisitions and building scale in large and fast-growing international markets</li> </ul>
<b>Acquisition Conditions</b>	<ul style="list-style-type: none"> <li>The Acquisition is subject to various conditions, including obtaining the necessary regulatory approval, no material adverse change occurring prior to completion and execution of the securities purchase agreement</li> </ul>
<b>Trading Update and Outlook</b>	<ul style="list-style-type: none"> <li>Given proximity to the financial year end, carsales provides an update on its FY22 performance and has provided estimated results for FY22. The estimated results reflect the continued strength of the Australian and international businesses. Refer to slide 36 for details</li> </ul>
<b>Key Risks</b>	<ul style="list-style-type: none"> <li>Refer to Appendix B of this Presentation for a summary of general and specific risk factors associated with the Acquisition, the Entitlement Offer and investing in carsales</li> </ul>

(1) Refer to slide 35 for basis of preparation. (2) Investors are referred to the 'Key risks' in Appendix B of this Presentation (including, without limitation, the risks in section 12 (Anticipated synergies and integration) and section 3 (Future earnings risk)) and the Disclaimers in this Presentation, in particular to the paragraph titled 'Cautionary Statement Regarding Forward-Looking Statements', in relation to the risks and uncertainties associated with the targeted potential synergies and other forward looking statements in connection with the Acquisition. The prospective financial information included in this slide, is predictive in character, may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved. (3) Based on Adjusted EPS before amortisation of intangibles and one-off transaction costs. The impact of purchase price accounting has not been completed and which will impact future amortisation charges. In accordance with AASB 133, carsales' pre-transaction EPS has been restated based on an adjustment factor to take into account the New Shares to be issued in connection with the Entitlement Offer. (4) Refer to slides 12-19 for details.

# Compelling Investment Opportunity

We have strong conviction on the growth opportunity that TI represents following a highly successful first 12 months

## Key observations in the last 12 months

- High quality management team with strong cultural alignment
- Strong conviction on the quality of the asset and the near-term growth opportunity for TI
- Greater insight that material growth opportunities can be unlocked under 100% ownership<sup>1</sup>
- Significant growth in RV and Powersports inventory with material financial upside expected to come as truck market rebounds
- Confidence in the resilience of the business through economic cycles

## Investment rationale: why now?

- Given strong near-term growth expectations, acquiring the business now is expected to be highly EPS accretive for carsales shareholders
- carsales' influence on product and technology roadmap is unconstrained in a 100% ownership scenario
- Ensure that carsales shareholders receive the full benefit of growth opportunities we are helping to deliver
- Ownership by a strategic investor focused on long term value creation will help ensure talent attraction and retention



A large white semi-truck is driving on a multi-lane highway that curves into the distance. The scene is set at sunset, with the sun low on the horizon, casting a warm, golden glow over the landscape. The sky is filled with dramatic, dark clouds, and the sun's rays create a lens flare effect. The foreground shows the road's edge with some dry grass and shrubs. In the background, there are rolling hills and mountains under the twilight sky. The overall mood is one of a long journey or a strategic path forward.

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# Strategic Rationale of Acquisition



# Strategic, Highly Accretive Acquisition

Acquisition expected to deliver low double-digit EPS accretion in the first full year after completion<sup>1</sup>

1

TI has market-leading positions in large, attractive US non-auto industries

- **Attractive, large market:** US non-automotive market is **16x** larger than Australian non-automotive market and **2x** larger than Australian automotive market<sup>2</sup>
- **Long-term, favourable structural trends:** US RV and Powersports consumer participation rates have increased significantly over the long term<sup>3</sup>
- **Market leaders:** TI leads the RV market by **8x** and Powersports by **5x** versus its nearest competitors and is closing the gap vs market leaders in Truck<sup>4</sup>

2

TI's strong business model delivering excellent financial performance

- **Strong business model** where over **84%** of revenue is recurring, charged on a fixed monthly basis<sup>5</sup>, locking in stability through business cycles
- **High margin business** with inherent operating leverage that is expected to deliver continued margin expansion into the future
- **Excellent recent growth:** TI has delivered double-digit revenue and earnings growth over the last five years<sup>6</sup>

3

Significant future growth opportunities expected

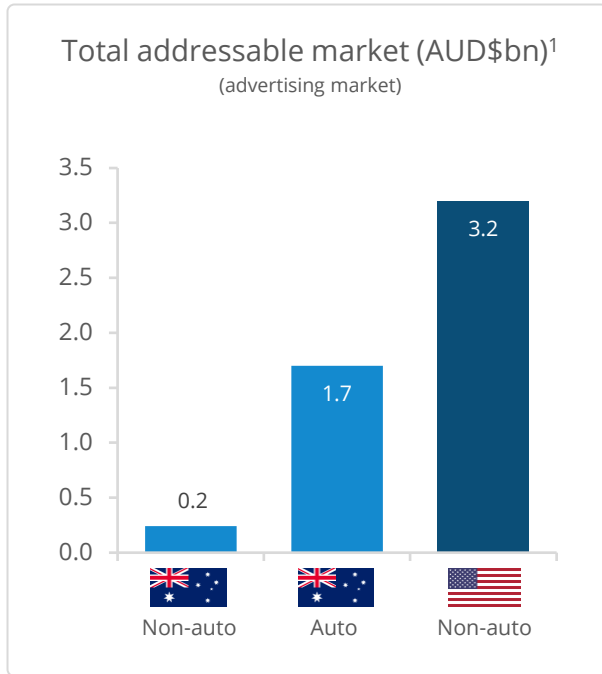
- **Low monetisation levels:** substantial dealer penetration upside with **70%** of the market still addressable<sup>7</sup>. Monetisation opportunity is **2-3x** current levels when benchmarked against Australian non-auto<sup>7</sup>
- **Revenue diversification upside:** scope for product improvement with sizeable media and private revenue opportunities when compared to Australian market
- **Material growth opportunities:** significant growth opportunities expected to be generated from 100% ownership<sup>8</sup>

(1) Based on Adjusted EPS before amortisation of intangibles and one-off transaction costs. The impact of purchase price accounting has not been completed and which will impact future amortisation charges. In accordance with AASB 133, carsales' pre-transaction EPS has been restated based on an adjustment factor to take into account the New Shares to be issued in connection with the Entitlement Offer. (2) Addressable market defined as national dealer advertising spend, carsales management estimates. (3) See slide 13 for details of trend. (4) Similarweb monthly visits for all brands noted in each industry under 'Business Summary' on slide 24 in Jan-22 vs Jan-21 vs. nearest competitor. (5) Recurring revenue is the portion of a company's revenue that is expected to continue in the future, are predictable, stable and can be counted on to occur at regular intervals going forward with a relatively high degree of certainty. (6) Adjusted Revenue and Adjusted EBITDA CAGR excluding certain pro forma adjustments - refer to slides 32-33. Refer to slide 3 regarding the disclosure of non-IFRS information and slides 41-42 for reconciliation from Reported to Adjusted Financials. (7) carsales management estimates, refer to slide 16 for further detail. (8) Refer to slide 3 for information concerning forward looking statements in connection with the Acquisition.

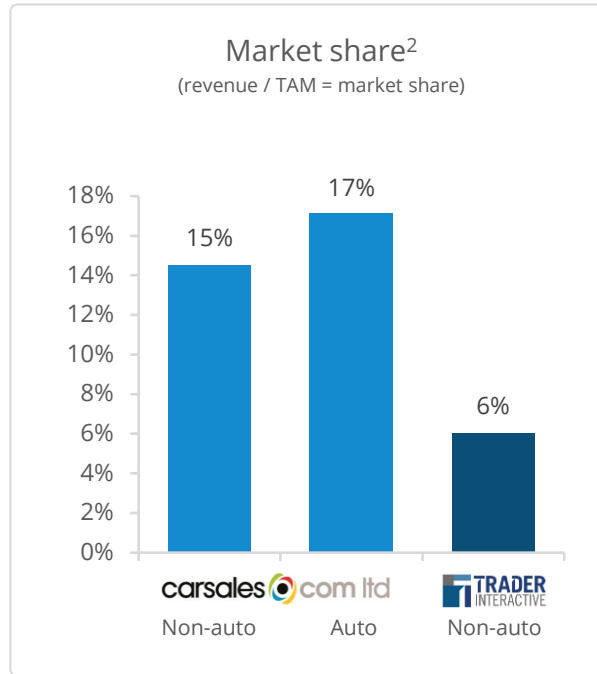


# 1 TI Has Market-leading Positions In Large, Attractive US Non-auto Industries

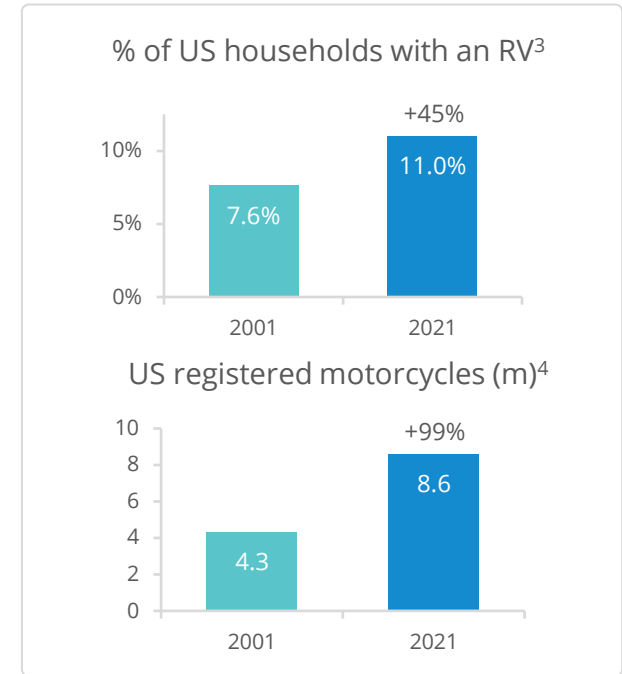
## TI operates in a very large US market



## Where market share is low relative to carsales Australia



## Benefiting from rising industry participation



The size of US non-auto advertising markets is large and growing<sup>1</sup>

Achieved good double-digit revenue growth with considerable future monetisation upside compared to Australian market share

Consumer trend to lifestyle and recreational assets further increases attractiveness of consumer verticals

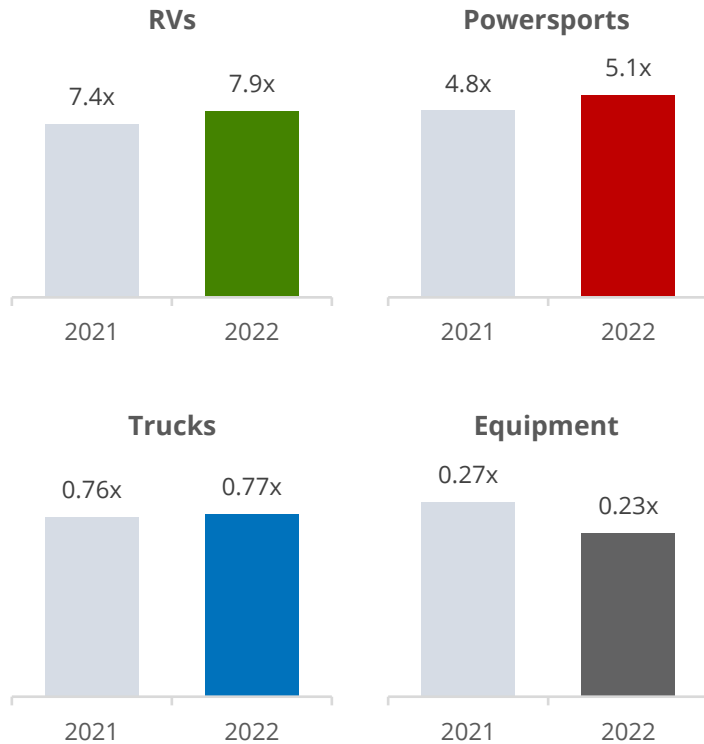
(1) Australia: Dealer advertising: 2million B2C transactions multiplied by estimated average marketing spend/car of AUD\$250. Includes estimated non-auto advertising spend of AUD\$200million. Private Seller: 1.75million transaction multiplied by AUD\$100 average marketing spend/car (carsales average yield). Media Advertising: Standard Media Index (SMI), spend on automotive advertising 2019. US Non-auto: 15million annual sales x average unit price of AUD\$35k x 0.6% marketing % of sales = AUD\$3.2billion. (2) FY22 Adjusted revenue divided by total addressable market. Refer to slide 3 for disclosure of non-IFRS information and slides 41-42 for reconciliation from Reported to Adjusted Financials. (3) GO RVing Owner Demographic Profile, Ipsos, 2021. (4) Motorcycles registered in the United States, Insurance Institute for Highway Safety IHS Markit 2021.

# 1 TI Has Market-leading Positions In Large, Attractive US Non-auto Industries (cont.)

TI is growing market leadership positions in recreational and closing the gap in commercial trucks

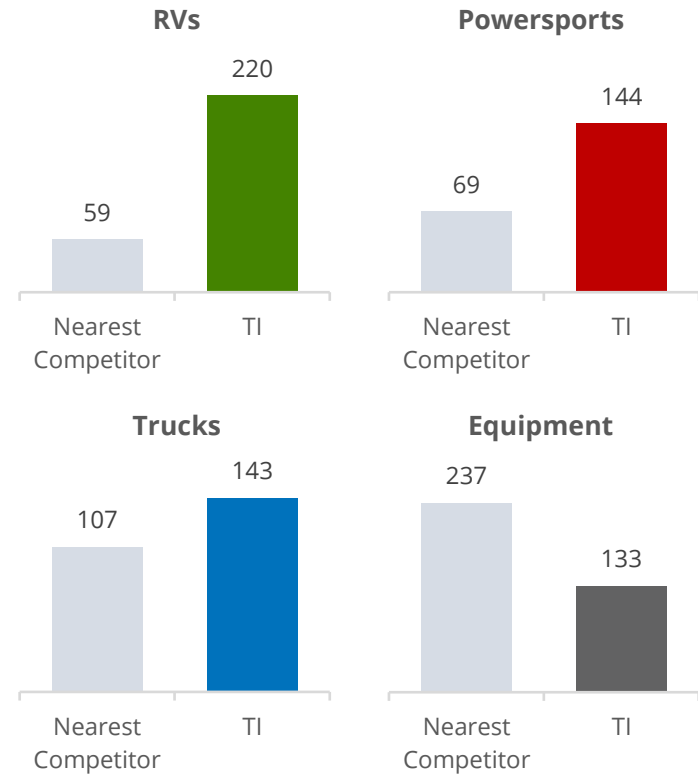
## TI is increasing audience market share

(size of lead vs. nearest competitor)<sup>1</sup>



## And have more inventory in 3 of 4 markets

(inventory (000) vs. nearest competitor)<sup>2</sup>

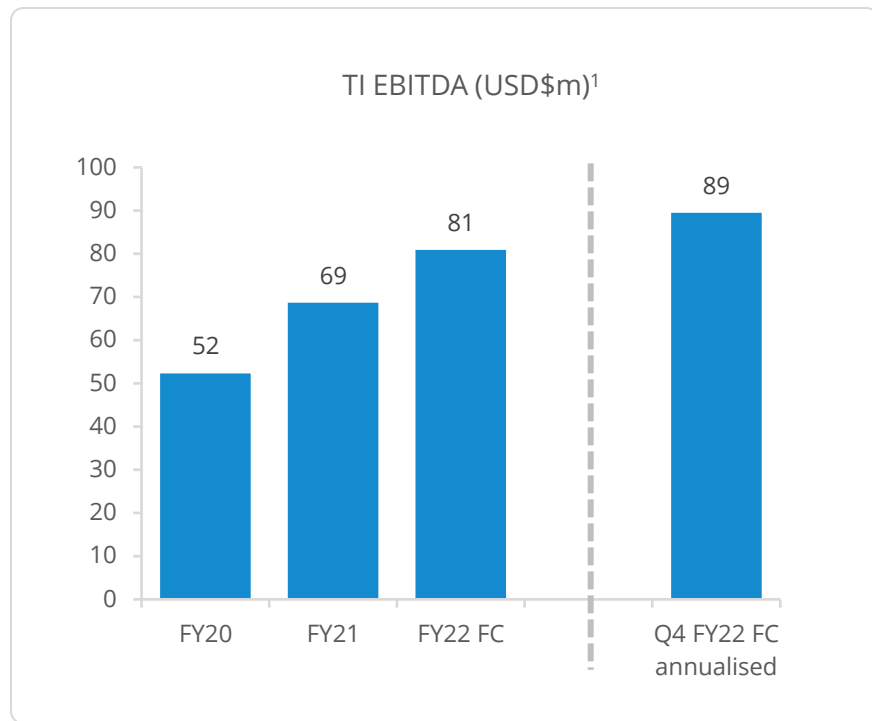
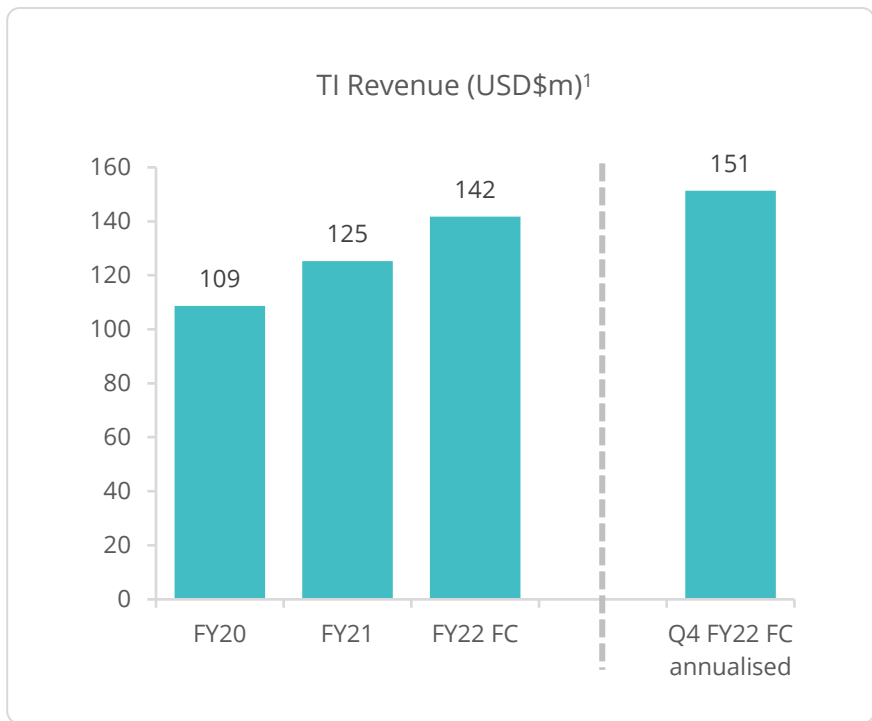


(1) Similarweb visits for all brands noted in each industry under 'Business Summary' on slide 24 vs. nearest competitor. Powersports visits shown for CycleTrader.com + ATVTrader.com v nearest competitor. Jan-21 vs. Jan-22.  
 (2) Total inventory for key brand website vs. nearest competitor as at 20-Jun-22.

# 2

## TI's Strong Business Model Delivering Excellent Financial Performance

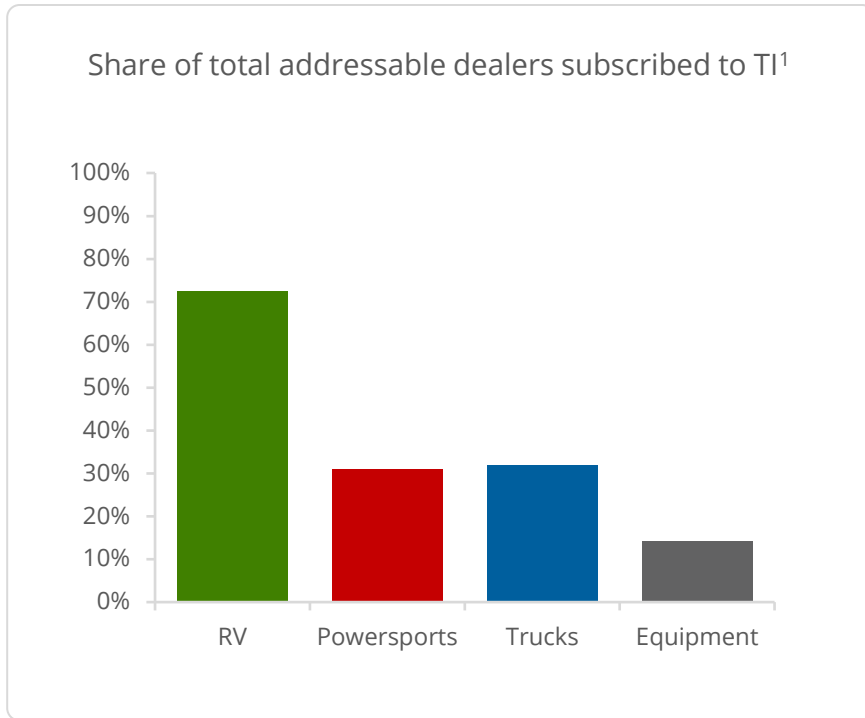
TI is heading into next year with excellent momentum



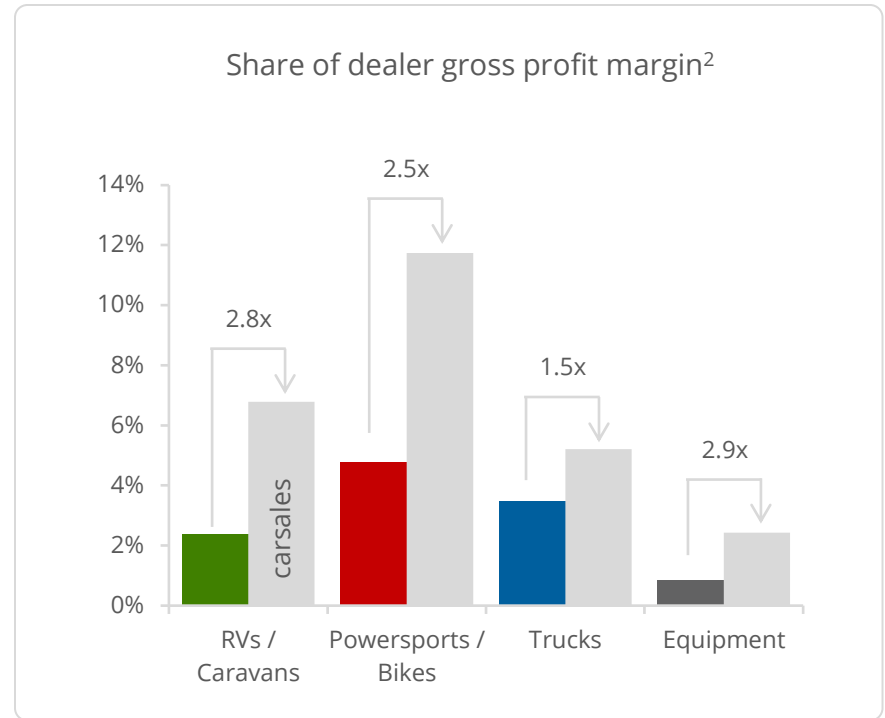
TI has executed on a price rise in March and April of 2022 with minimal churn which we expect will benefit our FY23 financial performance, and has added to dealer volumes in RVs, Powersports and Equipment

# 3 Significant Future Growth Opportunities

## Substantial dealer penetration upside



## TI fees as a % of unit gross margin are low



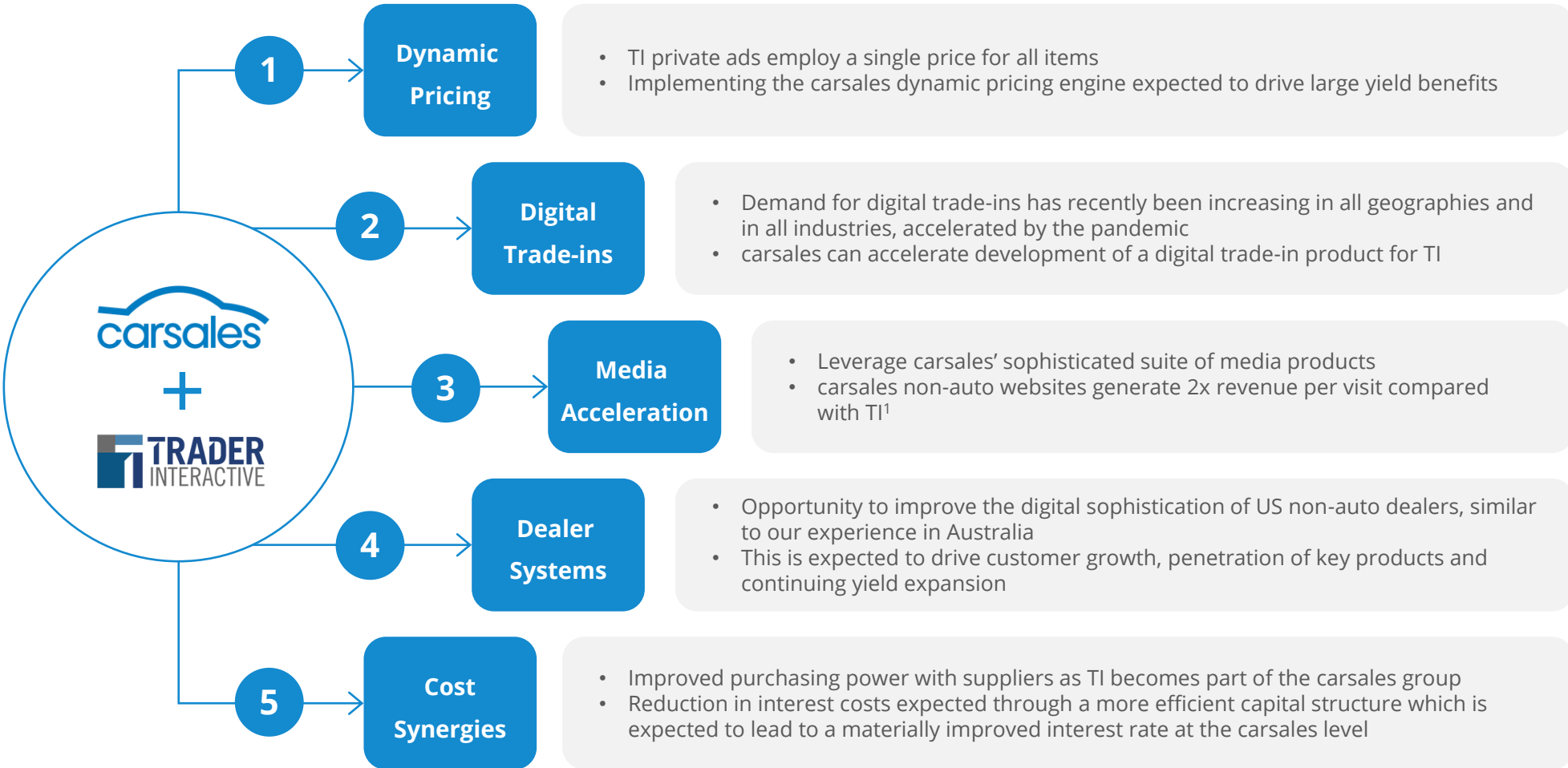
Increasing digital maturity and strategic input from carsales to drive increased dealer penetration in TI's markets

Large opportunity to grow dealer yield as TI continues to enhance its value proposition



# 3 Significant Future Growth Opportunities (cont.)

100% ownership expected to unlock significant new growth opportunities

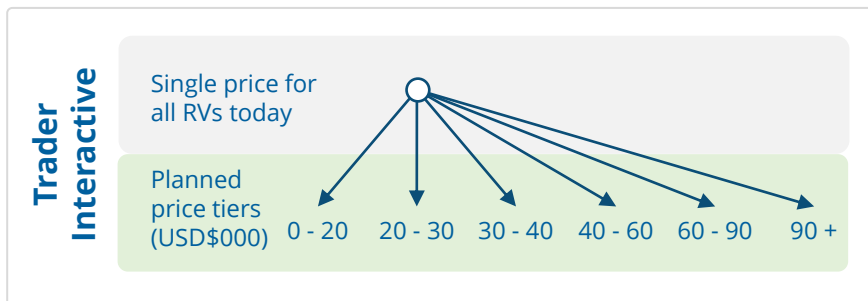
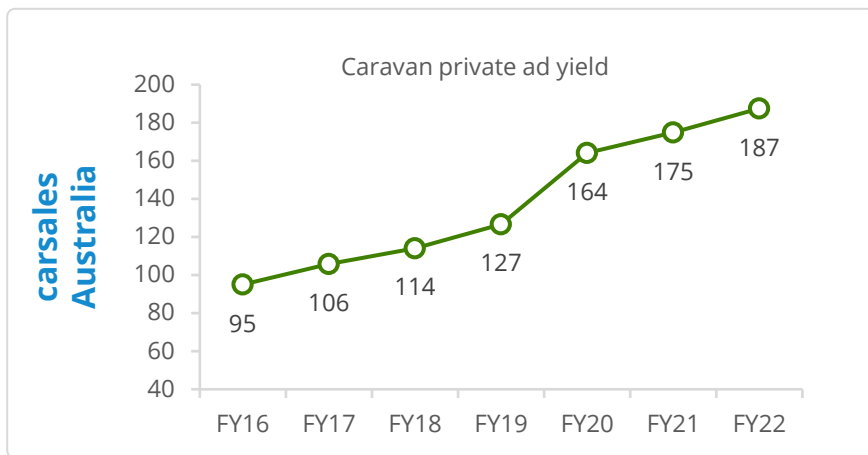


# Growth Initiatives

## Growth Initiative 1: Dynamic Pricing

### Implement dynamic pricing on TI private ads

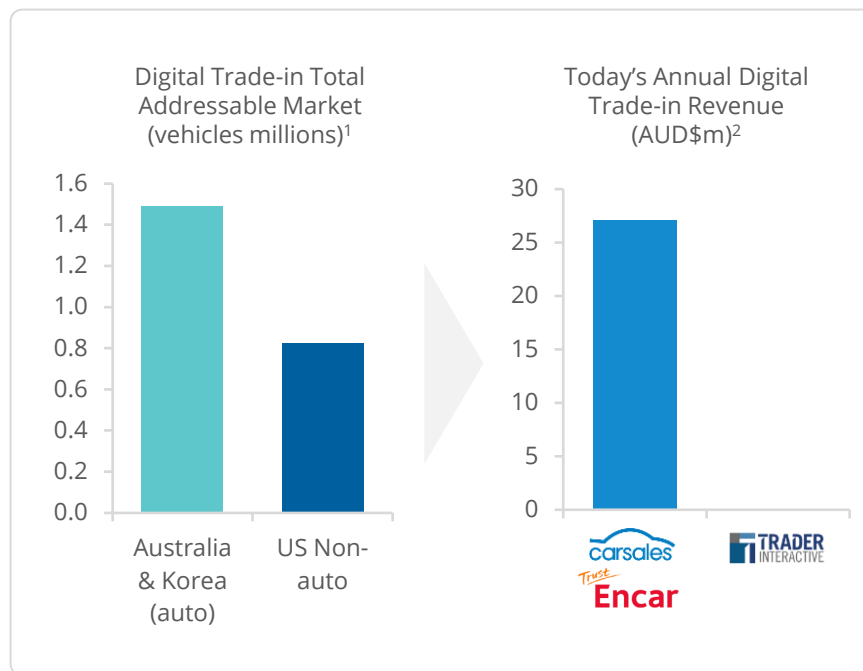
- TI have a single price for all RVs
- By creating pricing tiers, TI can extract more value on ads
- This should drive upside similar to our experience in Australia



## Growth Initiative 2: Digital Trade-ins

### Deploy a digital trade-in product

- The US non-auto addressable market for digital trade-ins is large with few incumbent players
- carsales has established itself as a leading player in the digital trade-in market in Australia and South Korea over the last five years
- Deploying the carsales pricing engine expected to help TI to expedite monetisation of this product in the US

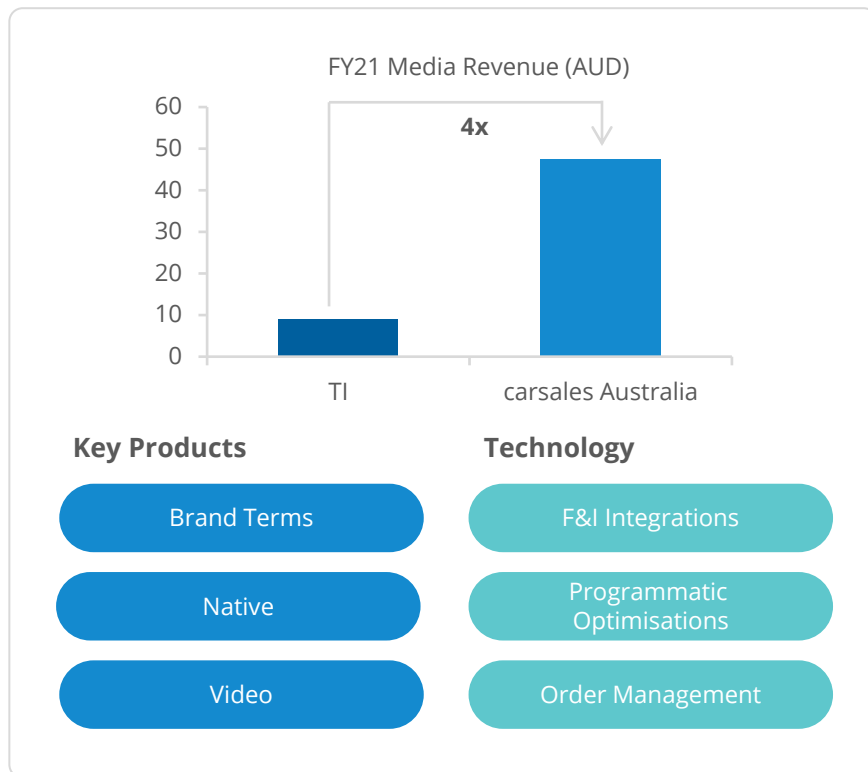


# Growth Initiatives (cont.)

## Growth Initiative 3: Media Acceleration

### Deploy key media products into TI platforms

- There is opportunity to expand TI's media product offering and go to market approach
- This should result in a material uplift in monetisation based on our experience in Australia



## Growth Initiative 4: Dealer Systems

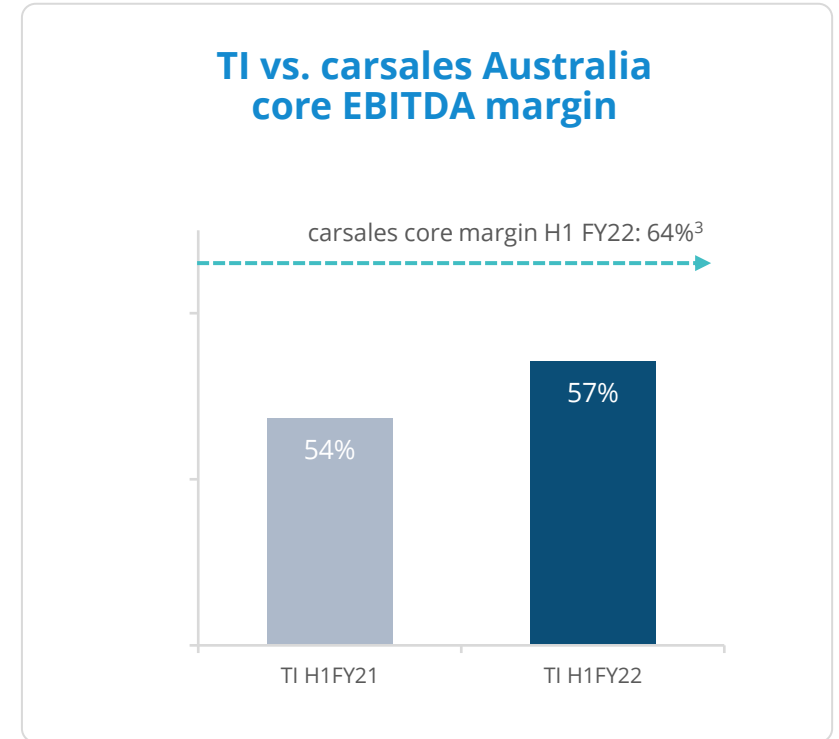
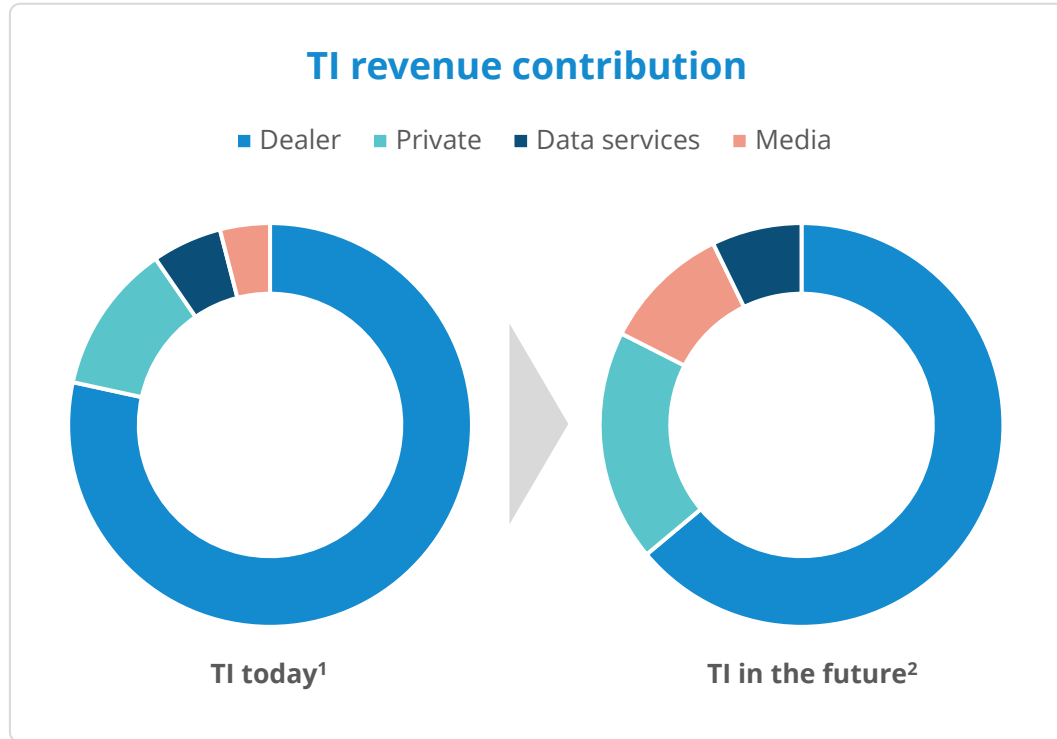
### Achieve feature parity in dealer products

- TI dealers log in to 'TraderTraxx' to access leads and publish inventory
- Usage penetration is relatively low compared to Australia
- By improving features, TI can
  - Increase dealer digital sophistication and 'stickiness' with TI
  - Improve quality of dialogue
  - More efficiently acquire new dealers and improve add-ons and upsell penetration

Key Autogate Feature	Trader Traxx	Initiative
Inventory & lead management		Expand two-way data feeds to other websites
Pricing tool		Introduce vehicle appraisal functionality
ROI calculator		Provide more comprehensive ROI information for dealers
Depth		Refine automation engine to improve buying effectiveness
Consumer survey data		Implement post-lead surveys and integrate into reporting

Partial functionality
 Moderate functionality
 Significant functionality

# TI Targeting Good Double-digit Revenue Growth With Continued EBITDA Margin Expansion

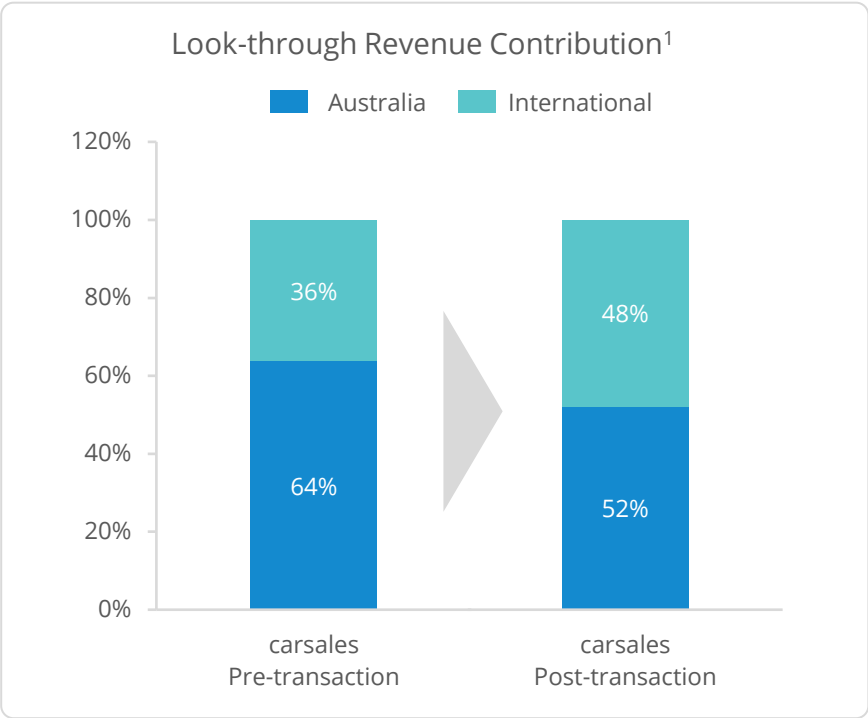


Increased contribution from private and media products, supported by excellent growth in dealer expected to drive double digit revenue growth and continued margin expansion



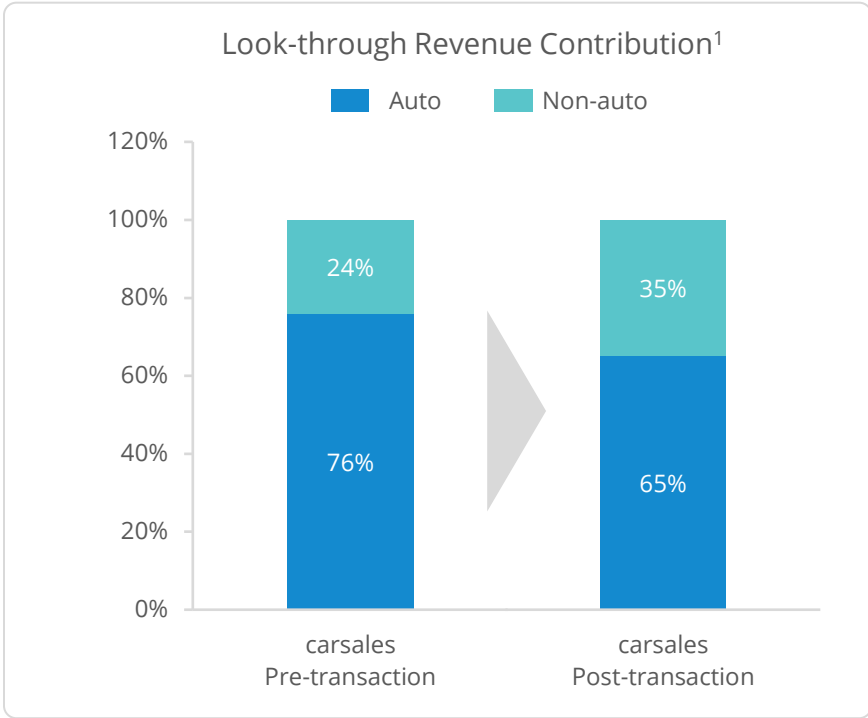
# Building Scale in High Growth Markets

## Diversifying our geographical mix



Expanding into new geographies to access larger addressable markets while increasing our global scale

## Diversifying our industry mix



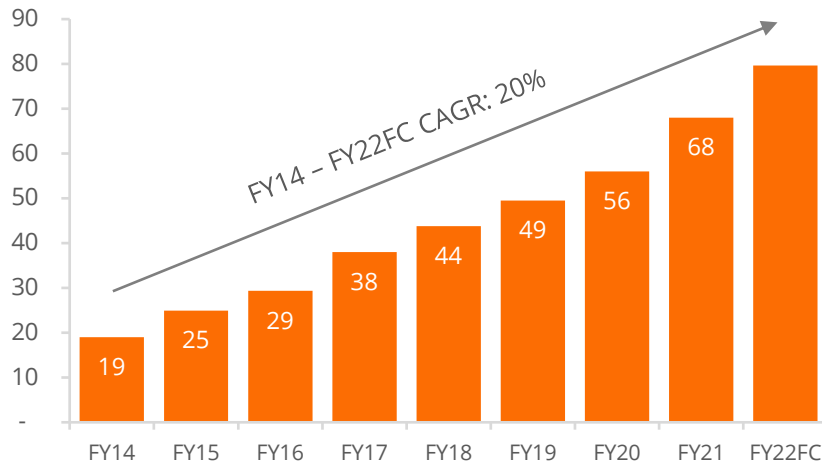
Increasing exposure to higher growth, less mature non-automotive markets

(1) carsales "look-through" methodology: For equity accounted associates and consolidated subsidiaries, add the total adjusted revenue for the period of ownership within the reporting period multiplied by the ownership % relevant to the specific reporting period. Some "look-through" numbers involve the disclosure of non IFRS information - Refer to carsales' Disclosure of Non IFRS information on slide 3 for further details. Adjusted revenue excludes carsales investments operating segment. carsales pre-transaction revenue refers to H1FY21 and carsales post-transaction refers to FY22 forecast. Refer to slide 3 for information concerning forward looking statements in connection with the Acquisition.

# Excellent Track Record of Delivering Growth in International Markets

## Korea - Encar <sup>Trust</sup> Encar

Revenue (KRWbn)<sup>1</sup>




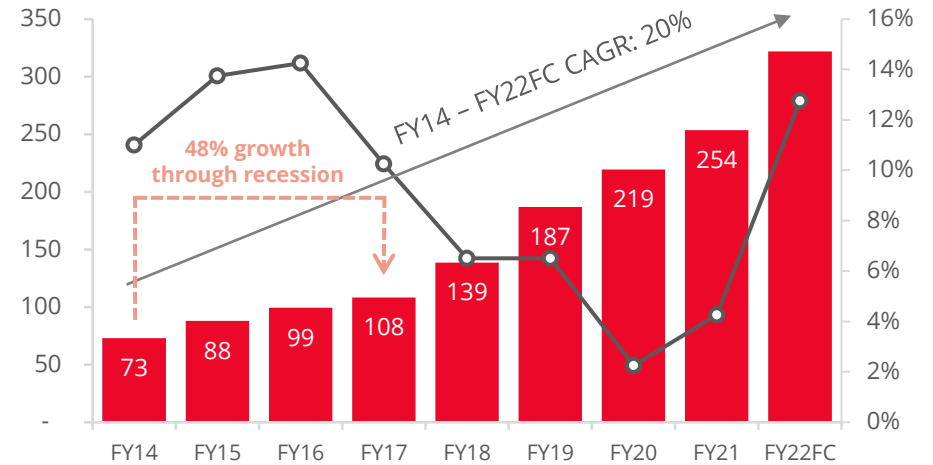
carsales purchased 49.9% of Encar 2014 (AUD\$126 million) then acquired remaining stake in 2017 (AUD\$244 million)

### What carsales has achieved since 2014

- Leveraged carsales IP and technology into the market, by deploying sophisticated tools and products
- Introduced Encar Guarantee inspection product which now accounts for approximately 40% of revenue
- Deployed a digital trade-in product called Dealer Direct, which is a local adaptation of the carsales Instant Offer product. This now comprises more than 10% of revenue

## Brazil - webmotors

Revenue (BRLm, left)<sup>1</sup>  Brazilian federal funds rate (right)



carsales purchased 30% of Brazilian auto marketplace business webmotors in 2013

### What carsales has achieved since 2013

- Implemented the pay-per lead model
- Launched 'Cockpit' platform which enables dealers to manage inventory, leads, and other webmotors products
- Built finance integration with Santander which allows seamless credit assessment
- Increased dealer customer volumes by 94% since acquisition



carsales  com Ltd

# Trader Interactive Overview

# Trader Interactive Overview

## Business Summary

- Leading platform of non-auto marketplaces, providing digital marketing solutions and services across commercial truck, RV, powersports, and equipment industries
- Offers marketplace services across listings subscriptions, private party listings, brand advertising, listing enhancements, as well as software, dealer services and data insights to provide dealer and industry intelligence for customers

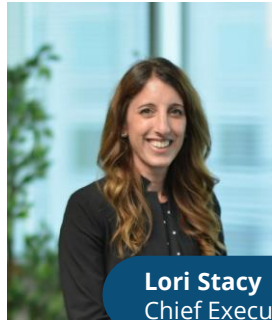
RV	Powersports
 	    
Truck	Equipment
 	  
Software, Services, Data & Insights	
 	 

## Key Metrics

	RVs	Power sports	Trucks	Equipment
<b>Key Brand</b>	RVTrader	CycleTrader	Commercial TruckTrader	Equipment Trader
<b>Monthly visits<sup>1</sup></b>	6.11m	5.02m	1.91m	1.02m
<b>Lead v nearest competitor<sup>2</sup></b>	7.88x	5.14x <sup>3</sup>	0.77x	0.23x
<b>Listings (000)<sup>4</sup></b>	221	144	143	133
<b>Dealers (000)<sup>5</sup></b>	2.0	2.1	2.8	2.0
<b>Revenue contribution<sup>6</sup></b>	37%	27%	28%	8%

(1) Similarweb monthly visits for Jan-22 for all brands noted in each industry under 'Business Summary'. (2) Similarweb monthly visits for all brands noted in each industry under 'Business Summary' on this slide in Jan-22 vs. nearest competitor. (3) CycleTrader.com v nearest competitor. (4) Listings published on key brand website as at 1-Jun-22. (5) Dealers subscribed for all brands noted in each industry under 'Business Summary' (6) Forecast revenue for the period 1-Apr-22 – 30-Jun-22 by market divided TI's forecast total revenue for the quarter. Adjusted Revenue and Adjusted EBITDA as provided by Trader Interactive. Refer to slide 3 for disclosure of non-IFRS information and slides 41-42 for reconciliation from Reported to Adjusted Financials.

# An Experienced Management Team



- Appointed CEO in 2017
- Joined TI in 1997 as a Sales Manager with Auto Trader
- Held President and GM roles at Dominion Enterprises and Trader Publishing owned by Cox Automotive and Landmark Media Enterprises

**Lori Stacy**  
Chief Executive Officer



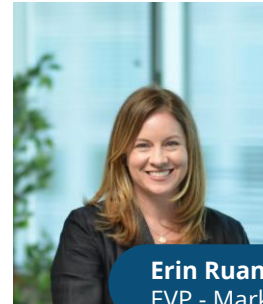
- Appointed CFO in 2017
- Joined TI in 2000 as VP of Finance and Business Systems
- Previous experience with PwC as Audit Manager for seven years

**Charles Goodwyn**  
Chief Financial Officer



- Joined TI in 2005 as National Sales Manager for CycleTrader.com in 2005
- Became VP of recreational brands in 2014 before being appointed EVP of sales & operations in 2020

**Paige Bouma**  
EVP - Sales & Operations



- Joined TI as EVP - Marketing and Trader Operating System Implementation in 2021
- 27 years in sales, marketing and advertising with extensive experience in digital marketplaces, B2C marketing and B2B marketing

**Erin Ruane**  
EVP - Marketing



- Appointed CPTO in 2020
- 24 years experience with Microsoft as CTO/Chief Architect of Microsoft Search & AI and Microsoft Teams
- Has a Masters of Science, Computers and Engineering from Arizona State University

**Senthil Velayutham**  
Chief Product & Technology Officer



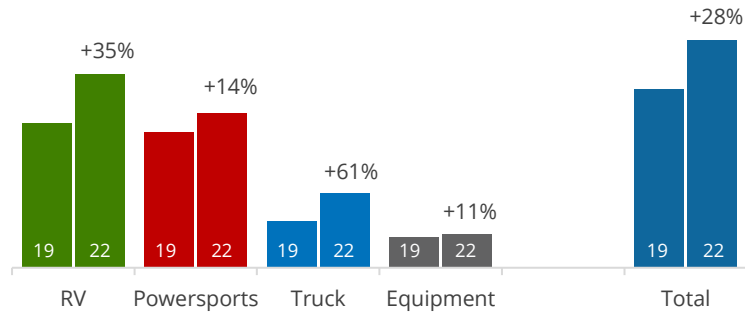
- Joined TI as CPO in 2020
- Background in human resources with extensive experience in talent acquisition in development, including with Health Essentials, Fidelity Life Insurance MassMutual and Cigna Healthcare

**Deadrick Baker**  
Chief People Officer

# TI's Value Proposition is Strong

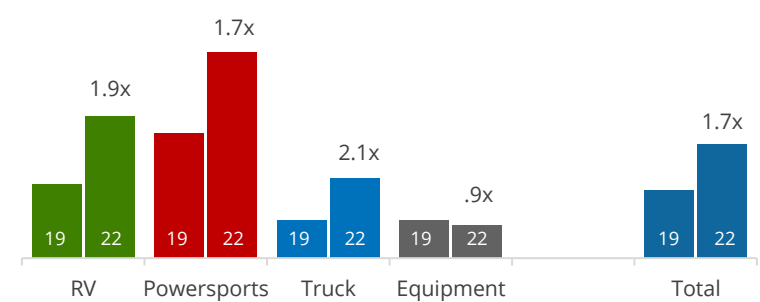
## Traffic is growing

Monthly visits<sup>1</sup>



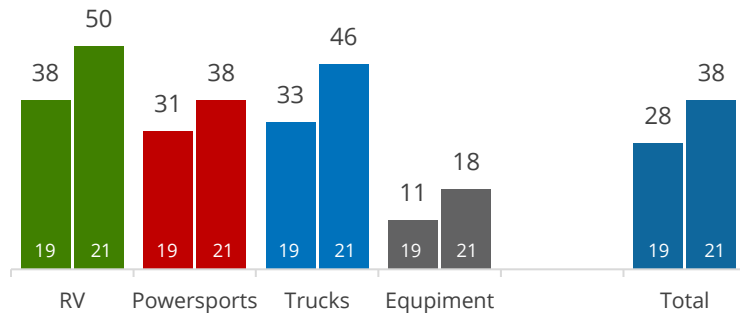
## Leads per dealer is increasing

Leads per dealer per month<sup>2</sup>



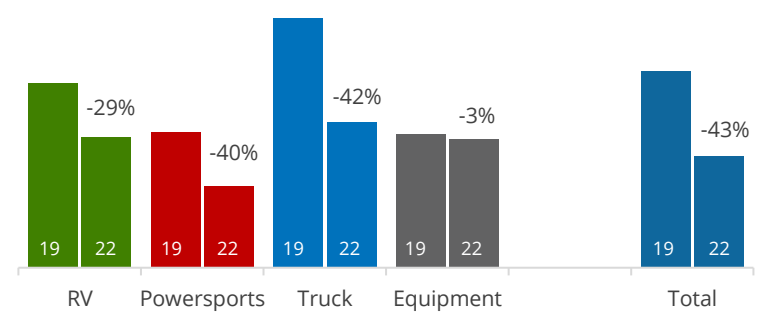
## Dealer satisfaction is rising

Net promoter score<sup>4</sup>



## Return on investment is improving

Cost per lead (USD\$)<sup>3</sup>



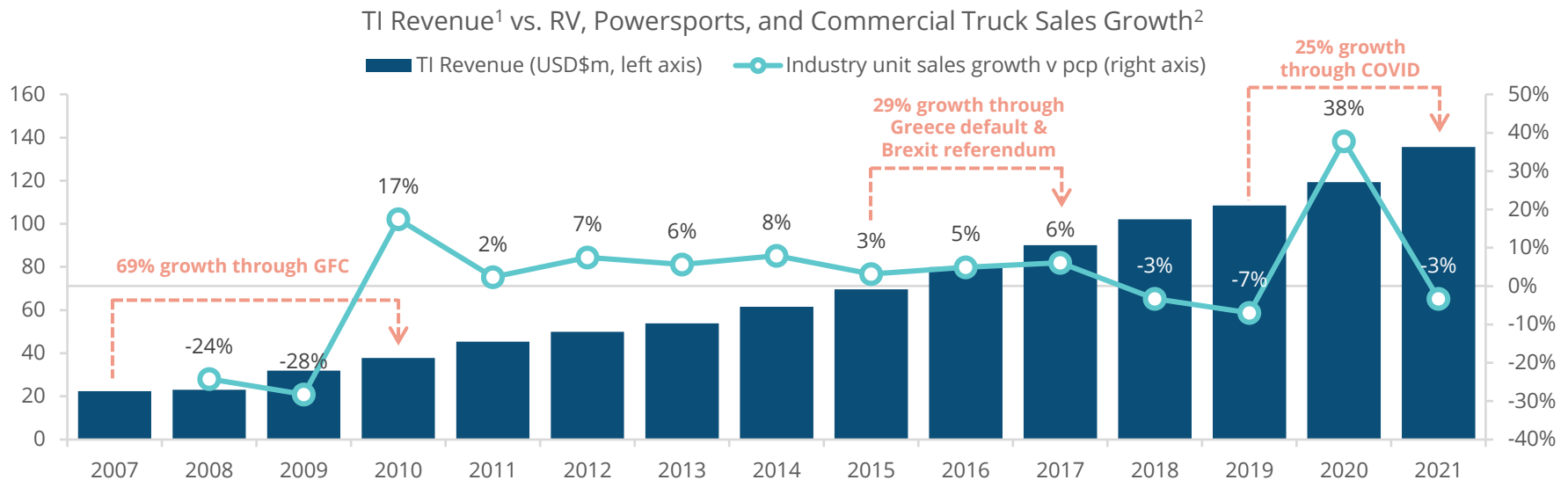


# TI Has Grown Through Economic Cycles

Leading digital marketplaces perform well through economic cycles.

TI has delivered 14% revenue CAGR over the last 15 years

- Used transactions are less cyclical than new transactions
- Dealers need to move inventory in any economic environment
- TI delivers a high return on investment versus other advertising sources – last channel to be reduced or cut by dealers
- Subscription model for dealers means overall dealer count remains relatively stable despite market sales volatility
- Cost base has a good level of flexibility similar to carsales Australia
- 84% of revenue is recurring, locking in stability through business cycles
- Diversity of industries provide further resilience

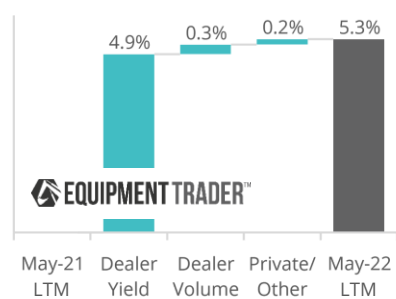
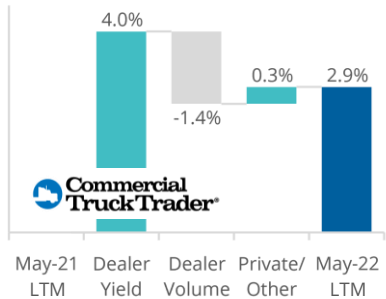
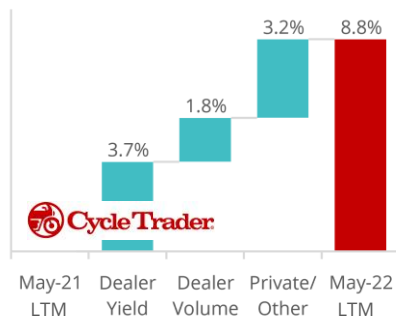
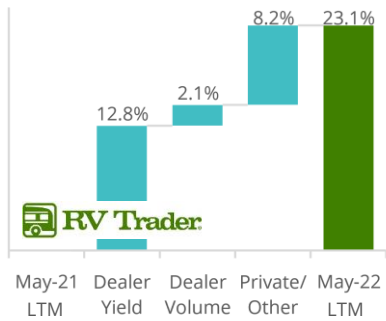


(1) Adjusted Revenue. Refer to slide 3 for disclosure of non-IFRS information and slides 41-42 for reconciliation from Reported to Adjusted Financials. The yearly revenue data represents calendar years (i.e. January to December) and not financial years (2) RV: Annual reported new vehicle shipments provided by RV Industry Association, Powersports: Annual motorcycle sales, US MotorCycles Data, Trucks: Annual commercial truck sales, Bureau of Economic Analysis, US Department of Commerce.

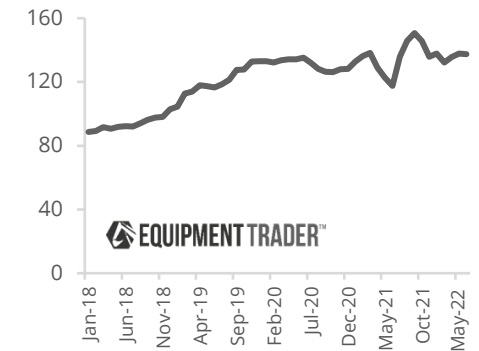
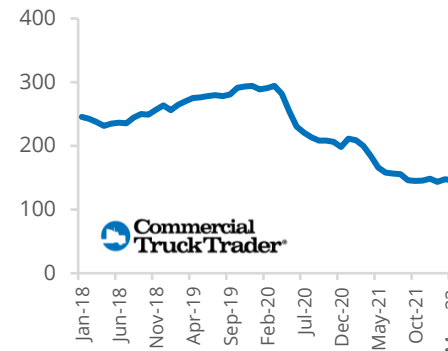
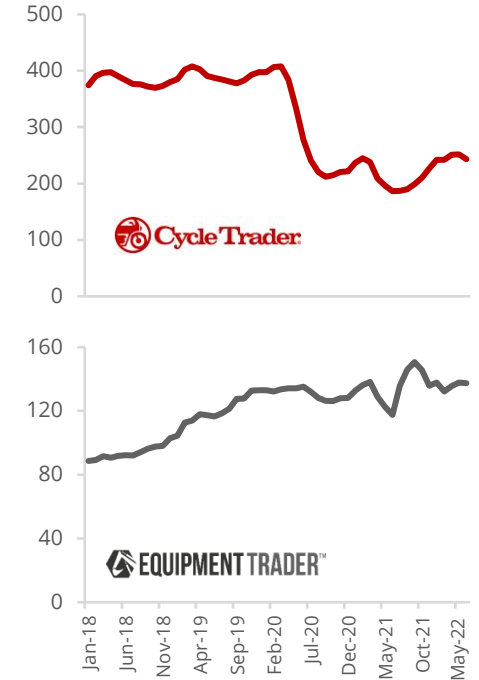
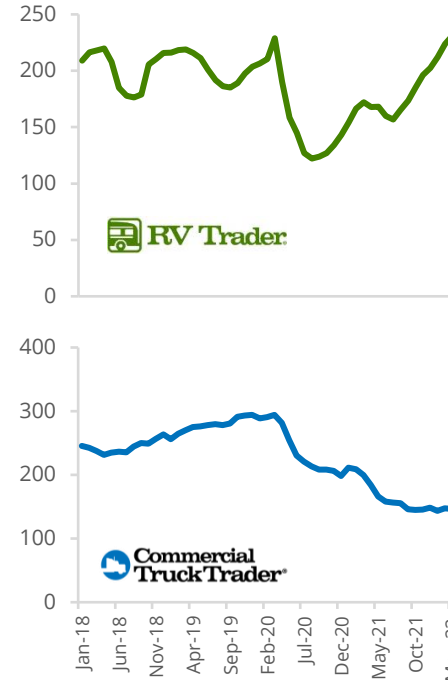


# TI Q4 Trading Update

## Contribution to growth last twelve months (LTM)<sup>1</sup>



## Published inventory (000)<sup>2</sup>



All markets are growing through a mix of contributions from private ads, dealer volume and dealer yield

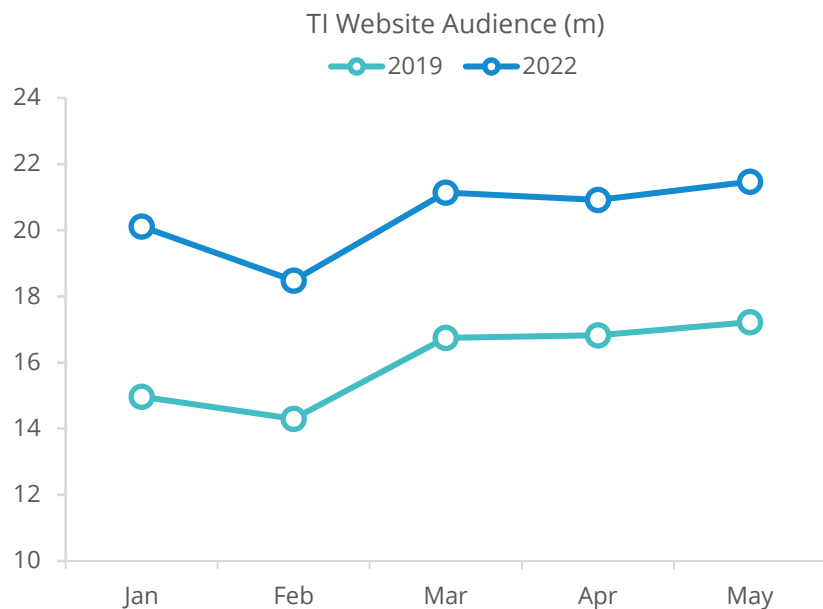
Inventory levels in RV, Powersports and Equipment markets have rebounded. Truck inventory remains lower albeit no longer in decline

# TI Q4 Trading Update (cont.)

## Current website traffic

### Audience metrics exhibiting excellent growth<sup>1</sup>

- All sites are consistently delivering traffic growth above pre-COVID levels with calendar YTD up 28% vs 2019
- May volume accelerated, achieving higher growth rates vs. pre-COVID than April



## Key performance metrics

### Key indicators of performance are significantly ahead of pre-pandemic levels

- TI continues to deliver excellent value to dealers which is reflected in strong financial performance

	FY19	Q4 FY22 annualised <sup>3</sup>	Growth
<b>Financial performance<sup>2</sup></b>			
Revenue (USD\$million)	105	151	44%
EBITDA (USD\$million)	49	89	82%

<b>Audience metrics<sup>1</sup></b>			
Visits (million)	185	254	38%
Leads (million)	3.0	4.3	45%

	May-19	May-22	Growth
Inventory (000, unique listings) <sup>1</sup>	1,113	905	(20%)

(1) Based on figures provided to the company by Trader Interactive as at 31 May 2022. (2) Adjusted Revenue and Adjusted EBITDA as provided by Trader Interactive. Refer to slide 3 for disclosure of non-IFRS information and slides 41-42 for reconciliation from Reported to Adjusted Financials. (3) Q4 FY22 annualised forecast prepared using the unaudited results for the period 1-Apr-22 – 30-Jun-22.

carsales.com Ltd

# Acquisition Terms, Funding and Financial Impact

# Transaction Funding and Terms

<b>Acquisition Price</b>	<ul style="list-style-type: none"> <li>Acquisition Price of USD\$809 million<sup>1</sup>, or approximately AUD\$1,172 million equivalent<sup>2</sup> for the 51% of the securities in Trader Interactive that carsales does not already own</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>The Acquisition Price, plus transaction costs, to be funded by approximately AUD\$1,207 million fully underwritten accelerated pro rata non renounceable entitlement offer</li> <li>carsales is expected to maintain a strong balance sheet post Acquisition, with pro forma FY22 Net Debt / EBITDA of ~2.7x<sup>3</sup>, which is expected to reduce to under 2.0x Net Debt / EBITDA over the next two years</li> </ul>
<b>Debt Restructure</b>	<ul style="list-style-type: none"> <li>carsales plans to replace the existing AUD\$562 million debt facility at Trader Interactive with upsized debt facilities from carsales' existing lenders</li> <li>carsales' debt facility to be upsized from AUD\$900 million to AUD\$1,400 million</li> </ul>
<b>Timing and Completion Considerations</b>	<ul style="list-style-type: none"> <li>The Acquisition is subject to various conditions, including obtaining the necessary regulatory approval, no material adverse change occurring prior to completion and execution of the securities purchase agreement</li> <li>Acquisition expected to complete in late Q1 FY23</li> </ul>

	AUD\$m
Equity raise	1,207
Increased carsales debt	519
<b>Total Sources</b>	<b>1,726</b>

	AUD\$m
Acquisition Price <sup>1</sup>	1,172
Repaying net debt at TI	519
Transaction Costs	35
<b>Total Uses</b>	<b>1,726</b>

(1) Acquisition price calculated as 100% EV less net debt and other adjustments of US\$358million expected at completion, multiplied by 51% being the interest in Trader Interactive not owned by carsales and adjusted for payout of MEP. The final Acquisition Price is subject to completion adjustments and may differ from the number reported in this announcement. (2) Assumes an AUD / USD exchange rate of 0.69. (3) Assuming acquisition occurred on 30 June 2022. Refer to slide 3 for information concerning forward looking statements in connection with the Acquisition.



# Pro-forma Historical Profit and Loss

Last 12 Months Ended 31 December 2021, AUD\$ millions	carsales <sup>1</sup> Pro forma	TI <sup>2</sup> Pro forma 100%	Adjustments	Combined Pro forma
<b>Adjusted Revenue<sup>3</sup></b>	<b>470.5</b>	<b>196.7</b>	-	<b>667.3</b>
Operating expense	(215.1)	(86.8)	-	(301.9)
<b>Adjusted EBITDA<sup>3</sup></b>	<b>255.4</b>	<b>109.9</b>	-	<b>365.3</b>
EBITDA Margin %	54.3%	55.9%		54.8%
Depreciation & amortisation	(34.9)	(10.4)	-	(45.3)
<b>EBIT</b>	<b>220.5</b>	<b>99.5</b>	-	<b>320.0</b>
Net finance cost	(25.7)	(33.3)	11.3	(47.8) <b>A</b>
<b>Profit Before Tax</b>	<b>194.8</b>	<b>66.2</b>	<b>11.3</b>	<b>272.3</b>
Income tax expense	(55.5)	(0.7)	6.3	(50.0) <b>B</b>
Profits from associates	36.9	-	(32.1)	4.8 <b>C</b>
Non-controlling interests (NCI)	(0.6)	-	-	(0.6)
<b>Adjusted NPAT<sup>3</sup></b>	<b>175.6</b>	<b>65.4</b>	<b>(14.5)</b>	<b>226.5</b>
<b>Adjusted EPS<sup>4</sup> (Cents)</b>	<b>60.7</b>	-	-	<b>64.9</b>

**7% EPS accretive on a pro-forma historical basis, prior to growth initiatives<sup>4</sup>**

## Basis of preparation

- The pro forma information is presented on a calendar year basis to show the impact of the Acquisition had the incremental 51% been acquired as of 1 January 2021, so that carsales' reviewed financials and Trader Interactives audited financials for the twelve months ended 31 December 2021 could be aggregated. **This excludes growth initiatives that are expected to arise from the Acquisition but includes certain other Adjustments described below.**
- The combined pro forma results reflect the unaudited results of carsales for CY21, aggregated with Trader Interactive's audited full year results on a fully consolidated basis for the purposes of showing the impact of the transaction on the historical financials. This information is provided for illustrative purposes only and is not represented as being indicative of carsales' views on the Combined Business's future financial condition and/or performance.
- CY21 financials for carsales were prepared using reviewed H1 FY22 plus audited full year FY21 less reviewed H1 FY21 as well as proforma transaction adjustments (described below) were made to Net Finance cost and associated Tax Expense to reflect current interest rate, refer to slide 41 for the reconciliation. carsales prepares its financial statements in accordance with Australian Accounting Standards, which conform to International Financial Reporting Standards ("IFRS").
- Trader Interactive financial information has been extracted from its audited financial statements for the year ended December 31, 2021, which were prepared in accordance with US GAAP principles, which may differ from IFRS and carsales accounting policies. As at the date of this presentation quantified differences between US GAAP and IFRS is not material.

## Pro-forma transaction adjustments

- Carsales' Pro forma net finance costs of A\$25.7m on borrowings of A\$643.2m and TI Pro forma net finance costs of A\$33.3m on borrowings of A\$579.7m. Combined Pro-Forma net finance costs of A\$47.8m represents the annual cost of the new capital structure which will be finalised pre completion. Assumed debt at the TI level is being replaced with debt at the carsales level as part of a refinancing to be undertaken pre completion. The net finance cost savings reflect a more efficient debt structure and a lower average interest rate post completion. Current three month forward BBSW rates have been used to calculate interest costs and debt balance as at 31 December 2021.
- Income tax expense of (AUD\$0.7m) at the Trader Interactive level reflects a tax deduction of AUD\$68m for purchase price intangibles. This annual deduction will continue to be available to carsales under a 100% ownership scenario. In the first full year of carsales' 100% ownership we expect to pay minimal tax due to additional deductions being available. These additional tax deductions relate to incremental amortisation deductions, prior year interest and tax deductions and R&D tax credits. The additional deductions will be available in the short to medium term and will then fall away whilst the \$68m deduction will remain available for 9 years. The Adjustment of AUD\$6.3m represents a pro forma tax deduction on AUD\$22.0m of additional interest expense at the carsales level.
- Profits from associates adjustment of A\$32.1m reflects reversal of carsales' share of Trader Interactive's Adjusted net profit after tax of AUD\$65.4m (USD\$45.2m) multiplied by 49%, being carsales' current interest.

(1) CY21 financials for carsales were prepared based on reviewed H1 FY22 plus audited full year FY21 less reviewed H1 FY21 as well as proforma adjustments were made to Net Finance cost and associated Tax Expense to reflect current interest rate, refer to slide 41 for the reconciliation. (2) Financials stated is for the 100% of the business and the data has been extracted from the Trader Interactive Audited financials for CY21 and is reported in US GAAP. (3) Adjusted Revenue, Adjusted EBITDA and Adjusted NPAT stated above is post non-controlling interests and excludes certain non-recurring or non-cash items and new ventures on Trader Interactive level. Adjusted NPAT also excludes amortisation of Trader Interactive's acquisition related intangible assets and any intangible assets that will be recognised by carsales (for carsales reporting purposes) as part of the purchase price accounting exercise. Refer to slide 3 regarding the disclosure of non-IFRS information and slides 41-42 for reconciliation from Reported to Adjusted Financials. (4) Based on Adjusted NPAT before amortisation of intangibles and one-off transaction costs. The impact of purchase price accounting has not been completed and will impact future amortisation charges. In accordance with AASB 133, carsales' pre Transaction EPS has been restated based on an adjustment factor to take into account the New Shares to be issued in connection with the Entitlement Offer. The TERP adjustment factor is approximately 0.977.

# Pro-forma Balance Sheet

As at 31 December 2021, AUD\$ millions	carsales <sup>1</sup>	Trader Interactive <sup>2</sup>	Adjustments	Pro-Forma <sup>3</sup>
Current assets	144.9	40.5	-	185.4
Non-current assets	1,631.4	934.7	1,123.9	3,690.0 <b>A</b>
<b>Total Assets</b>	<b>1,776.3</b>	<b>975.2</b>	<b>1,123.9</b>	<b>3,875.5</b>
Current liabilities	101.0	22.3	-	123.3
Non-current liabilities	730.2	591.5	59.7	1,381.5 <b>B</b>
<b>Total Liabilities</b>	<b>831.2</b>	<b>613.8</b>	<b>59.7</b>	<b>1,504.8</b>
<b>Total Equity</b>	<b>945.1</b>	<b>361.4</b>	<b>1,064.2</b>	<b>2,370.7 <b>C</b></b>
Net Debt	554.9	547.7		1,102.6

## Basis of preparation

- The pro forma balance sheet is presented to show the impact of the Acquisition had it completed as at 31 December 2021, using USD / AUD exchange rate of 0.69 to translate pro forma adjustments from USD to AUD, where applicable.
- carsales prepares its financial statements in accordance with the Australian Accounting Standards, which conform to IFRS.
- Trader Interactive financial information has been prepared and reviewed in accordance with Australian Accounting Standards by carsales as of 31 December 2021 to carry out purchase price accounting for the initial 49% acquisition. This balance sheet position differs from their reported position in accordance with US GAAP.
- Pro forma balance sheet has been prepared and reviewed in accordance with Australian Accounting Standards, which conform to IFRS.

## Pro-forma transaction adjustments

- Reflects the preliminary estimated value of goodwill and other intangible assets expected to be recognised on acquisition of Trader Interactive. This is subject to finalisation of the preliminary purchase price allocation post completion.
- Non-current liabilities includes carsales borrowings of \$643m and Trader Interactive borrowings of \$580m at Dec-21. The Adjustments reflects deferred tax liabilities to be recognised on intangibles. This is subject to finalization of acquisition accounting post completion.
- Reflects the recognition of the estimated impact of the capital raise on equity including associated transaction costs and the expense to be recorded in the income statement related to transaction costs associated with the acquisition of Trader Interactive.

(1) carsales 31-Dec-21 position based on carsales' reviewed financial statements for the period ended 31 December 2021. (2) Trader Interactive 31-Dec-21 position based on reviewed financial statements for the period ended 31 December 2021 prepared on IFRS basis by carsales. This balance sheet position differs from TI's reported position in accordance with US GAAP. (3) Based on the acquisition price calculated as 100% EV less net debt and other adjustments of US\$358 million expected at completion, multiplied by 51% being the interest in Trader Interactive not owned by carsales and adjusted for payout of the MEP. The final Acquisition Price is subject to completion adjustments and may differ from the number reported in this announcement.



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# Trading Update



# Strong Trading Momentum

AUD\$ millions	FY21 Actual	FY22 Estimate <sup>1</sup>	Growth	FY22 pro forma <sup>1</sup>
Adjusted Revenue <sup>2</sup>	438	507-509	16%	700-704
Adjusted EBITDA <sup>2</sup>	254	270-272	6%-7%	379-383
Adjusted EBITDA Margin %	58%	53%-54%	n/a	54%-55%
Adjusted NPAT <sup>2</sup>	153	194-196	27%-28%	
Reported Revenue	427	506-508	19%	
Reported EBITDA	241	267-269	11%	
Reported NPAT	131	161-163	23%-25%	

## Basis of preparation

The pro forma information is presented to show the impact of the Trader Interactive acquisition had the incremental 51% been acquired as of 1 July 2021, so that each entity's unaudited financial information for the period of Jul-21 to Jun-22 could be aggregated. Jul-21 to Jun-22 financial has been prepared using 11 months of actuals and 1 month forecast for both entities. The actual financial information has been extracted from management accounts for both entities which have not been audited or reviewed. Trader Financials were converted using Implied AUD / USD rate of 0.7308. FY22 pro forma financials exclude growth initiatives that are expected to arise from the Acquisition and certain other Adjustments described on slide 32

## We provide the following estimate of the FY22 results

All numbers referenced are unaudited and will be subject to review as part of our year-end audit process. The result ranges are an estimate only to keep the market as well informed as possible

The estimated results demonstrate the continued strength of our Australian and international businesses:

- Domestic business performance in the first five calendar months reflects continued healthy levels of demand in the Australian automotive and non-automotive markets as well as increased adoption in key growth products
- Our international businesses are delivering strong financial results.
  - Korea continues acceleration of Guarantee penetration and Dealer Direct volumes have been growing very strongly
  - In the US, all markets are growing through a mix of contributions from private ads, dealer volume and dealer yield. Please refer to slides 28-29 for further details.
  - Brazil continues to demonstrate strong growth in dealer numbers and dealer yield with improving inventory levels.

(1) Refer to slide 3 for information concerning forward looking statements in connection with the Acquisition. (2) Adjusted Revenue, Adjusted EBITDA and Adjusted NPAT stated above are post non-controlling interests and exclude certain non-recurring, non-cash and any pro forma adjustments. Refer to slide 3 for disclosure of non-IFRS information and slides 41-42 for reconciliation from Reported to Adjusted Financials.

# Current Trading Observations - carsales

## **Overall**

The carsales business enters FY23 with strong momentum from both a domestic and international perspective. We expect to deliver double-digit growth across all three key financial metrics in H2 FY22 with Adjusted Revenue<sup>1</sup> up 16%, Adjusted EBITDA<sup>1</sup> up 11% and Adjusted NPAT<sup>1</sup> up 27-28%, which positions the business well to continue delivering excellent results in FY23

## **carsales Domestic Observations**

Overall, the domestic business is heading into FY23 in a strong position given we expect to deliver double-digit revenue growth in the online advertising segment in H2 FY22. Margins have remained strong in H2 FY22.

- Dealer:
  - Underlying market conditions remain solid which has been reflected in a considerably improved performance in the second half of FY22 versus the first half. This improved performance is expected to flow into the start of FY23
- Private:
  - The private seller advertising market continues to be very strong heading into FY23. Dynamic pricing improvements made in the second half of FY22 are expected to help deliver good yield growth in FY23. Enhancements made to the Instant Offer pricing engine combined with marketing investment have driven an increase in Instant Offer volumes in the last quarter of FY22
- Media:
  - Expected to deliver our third consecutive half of double-digit revenue growth in H2 FY22, which provides confidence that we can continue to deliver good growth in this segment moving forward
- carsales' investments:
  - Strong revenue growth in H2 FY22 due to acquisition of tyreconnect

## **carsales International Observations<sup>1</sup>**

Our international portfolio continued to perform strongly in the second half.

- Korea:
  - The business continues to demonstrate strong financial performance driven by continued expansion of the Guarantee and Dealer Direct products which is expected to continue into FY23
- Brazil:
  - Very strong growth in H2 FY22 which is expected to continue into FY23 given current trading momentum
- United States:
  - Refer to slides 28-29 for trading observations





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# Equity Raising



# Overview of the Equity Raise

<b>Offer Size and Structure</b>	<ul style="list-style-type: none"> <li>Fully underwritten 1 for 4.16 pro-rata accelerated non-renounceable entitlement offer to raise gross proceeds of approximately AUD\$1,207 million ("<b>Entitlement Offer</b>")</li> <li>Approximately 68 million new ordinary shares ("<b>New Shares</b>") to be issued under the Entitlement Offer, equivalent to 24% of existing shares on issue</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>Entitlement Offer price of AUD\$17.75 per New Share ("<b>Offer Price</b>"), representing a:             <ul style="list-style-type: none"> <li>a 14.5% discount to the last closing price of AUD\$20.76 on Friday, 24 June 2022; and</li> <li>a 12% discount to the Theoretical Ex-Rights Price ("<b>TERP</b>") of AUD\$20.18<sup>1</sup></li> </ul> </li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>Net proceeds from the Entitlement Offer will be used to fund the Acquisition and associated costs of the remaining 51% of Trader Interactive that carsales does not already own<sup>2</sup></li> </ul>
<b>Institutional Entitlement Offer</b>	<ul style="list-style-type: none"> <li>The Institutional Entitlement Offer opens today and closes on Tuesday, 28 June 2022 for eligible Institutional shareholders<sup>3</sup></li> <li>Institutional Entitlements not taken up and those of ineligible Institutional shareholders will be sold at the Offer Price</li> </ul>
<b>Retail Entitlement Offer</b>	<ul style="list-style-type: none"> <li>The Retail Entitlement Offer will open on Friday, 1 July 2022 and close at 5:00pm (Melbourne time) on Wednesday, 13 July 2022</li> <li>Eligible retail shareholders in Australia and New Zealand may:             <ul style="list-style-type: none"> <li>Elect to take up all or part of their pro rata entitlements prior to 5.00pm (Melbourne time) on Wednesday, 13 July 2022</li> <li>Do nothing and let their retail entitlements lapse</li> </ul> </li> <li>Retail shareholders should read the Retail Entitlement Offer Booklet which contains full information on the Retail Entitlement Offer and application process</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>The Entitlement Offer is fully underwritten</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>New Shares issued under the Entitlement Offer will rank pari passu with existing fully paid shares from the date of issue</li> </ul>
<b>Board Participation</b>	<ul style="list-style-type: none"> <li>All carsales' Directors are participating in the Entitlement Offer for either full or part of their entitlements</li> </ul>

(1) The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which carsales shares should trade immediately following the ex-date for the Entitlement Offer. TERP is calculated by reference to carsales' closing price of \$20.76 on Friday, 24 June 2022, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which carsales shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to TERP. (2) The equity raised from the Entitlement Offer will be in AUD to fund the Acquisition in US Dollars. Funding assumes an AUD/USD exchange rate of 0.69. (3) carsales has determined to extend the Institutional Entitlement Offer to institutional shareholders registered in Australia, Canada (British Columbia, Ontario and Quebec provinces only), European Union (Denmark, France, Luxembourg and the Netherlands), Hong Kong, Japan, New Zealand, Norway, Singapore, Switzerland, United Arab Emirates (excluding financial zones), United Kingdom and United States subject to the 'International Offer Restrictions' set out in Appendix C of this Presentation.

# Equity Raising Timetable<sup>1</sup>

Event	T+	Date
Trading halt and announcement of Entitlement Offer	0	Monday, 27-Jun-22
Institutional Entitlement Offer opens	0	Monday, 27-Jun-22
Institutional Entitlement Offer closes	1	Tuesday, 28-Jun-22
Announcement of results of Institutional Entitlement Offer	2	Wednesday, 29-Jun-22
Trading halt lifted and CAR shares recommence trading	2	Wednesday, 29-Jun-22
Retail Entitlement Offer Record Date	2	7:00pm on Wednesday, 29-Jun-22
Retail Entitlement Offer opens and Retail Offer Booklet made available	4	Friday, 01-Jul-22
Settlement of New Shares issued under the Institutional Entitlement Offer	6	Tuesday, 05-Jul-22
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer	7	Wednesday, 06-Jul-22
Retail Entitlement Offer closes	12	5:00pm on Wednesday, 13-Jul-22
Announcement of results of Retail Entitlement Offer	14	Friday, 15-Jul-22
Settlement of New Shares issued under the Retail Entitlement Offer	16	Tuesday, 19-Jul-22
Allotment of New Shares issued under the Retail Entitlement Offer	17	Wednesday, 20-Jul-22
Normal trading of New Shares issued under the Retail Entitlement Offer	18	Thursday, 21-Jul-22
Holding statements in respect of New Shares issued under the Retail Entitlement Offer are dispatched	18	Thursday, 21-Jul-22

(1) The above timetable is indicative only and subject to change. Subject to the requirements of the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable rules, carsales reserves the right to amend this timetable at any time, including extending the period for the Entitlement Offer or accepting late applications, either generally or in particular cases, by lodging a revised timetable with ASX.

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# Appendix A Supplementary Financial Information





# Adjustments to Statutory Financials - carsales

## FY22 Estimate<sup>1</sup>

AUD\$ millions	Revenue	EBITDA	NPAT
<b>Statutory Financials</b>	<b>506-508</b>	<b>267-269</b>	<b>161-163</b>
Dealer Support Package	0.4	0.4	0.3
Restructuring and M&A transaction costs	-	2.8	2.1
FX Gain / Loss	-	(1.1)	(0.9)
Hedge Close out	-	0.7	4.3
Fair value revaluation post NCI	-	-	(0.1)
Total acquired intangible amortisation	-	-	22.5
Trader Interactive One-Off Adjustments <sup>2</sup>	-	-	5.0
<b>Adjusted Financials</b>	<b>507-509</b>	<b>270-272</b>	<b>194-196</b>

## Last 12 months Ended 31 December 2021

AUD\$ millions	Revenue	EBITDA	NPAT
<b>Statutory Financials</b>	<b>470.1</b>	<b>252.9</b>	<b>144.3</b>
<i>Management Normalisation Adjustments</i>			
Dealer Support Package	0.5	0.5	0.4
Restructuring and M&A transaction costs	-	1.4	1.1
Hedge Close out	-	0.7	4.8
One-off tax adjustment	-	-	1.3
Fair value revaluation post NCI	-	-	0.4
Total acquired intangible amortisation	-	-	13.0
Trader Interactive One-Off Adjustments <sup>2</sup>	-	-	2.2
<b>Adjusted Financials</b>	<b>470.5</b>	<b>255.4</b>	<b>167.6</b>
<i>Pro forma Adjustments</i>			
Net Finance Cost <sup>3</sup>	-	-	(10.7)
Net Profit Contribution - TI <sup>4</sup>	-	-	18.8
<b>Pro forma Adjusted Financials</b>	<b>470.5</b>	<b>255.4</b>	<b>175.6</b>

(1) Refer to slide 3 for information concerning forward looking statements in connection with the Acquisition and slide 35 for basis of preparation. (2) Trader Interactive One-Off Adjustments include Restructuring, M&A and Initiative costs. Acquired intangible amortisation related to Trader Interactive is included in the "Total acquired intangible amortisation" line. Refer to slide 3 for disclosure of non-IFRS information (3) Net Finance cost Adjustment of AUD\$10.7million is the tax effected difference between AUD\$11.9 million of finance cost incurred in CY21 and AUD\$25.7 million Finance cost calculated using carsales' current debt balance of AUD\$691 million multiplied by current three month forward BBSW rates rate and margin (3.8%). (4) Net Profit contribution - TI reflects the difference between profit contribution from assumed pro forma ownership of 49% for Jan-21 to Dec-21 period and profit contribution from actual ownership Sep-21 to Dec-21.

# Reported to Adjusted Financials - TI

## Year Ended 31 December 2021, AUD\$ millions

	Reported	Adjustments	Adjusted
<b>EBITDA</b>	<b>76.0</b>	<b>33.9 A</b>	<b>109.9</b>
<i>EBITDA Margin %</i>	38.6%		55.9%
Depreciation & amortisation	(41.0)	30.6 B	(10.4)
<b>EBIT</b>	<b>35.0</b>	<b>64.5</b>	<b>99.5</b>
Net finance costs	(37.9)	4.6 C	(33.3)
<b>Profit Before Tax</b>	<b>(2.7)</b>	<b>69.0</b>	<b>66.2</b>
Income tax expense	(0.7)	-	(0.7)
<b>Net Profit After Tax</b>	<b>(3.5)</b>	<b>69.0</b>	<b>65.4</b>
carsales share of Net Profit	(1.7)	33.8	32.1

## Management Normalisation Adjustments

- A. EBITDA: Adjustments to exclude non-operating, non-recurring items and new ventures
- B. Depreciation & amortisation: Reported depreciation and amortisation of purchase price intangibles under the previous ownership structure. The adjusted amount excludes the impact of any purchase price intangibles that have been recognised by Trader Interactive in respect of acquisitions made historically. Also excluded is amortisation of purchase price intangibles that will arise for carsales reporting purposes as part of carsales' purchase price accounting for this transaction

## Pro-forma transaction adjustments

- C. Net Finance cost: Adjusted interest A\$33.3m has been calculated based on Trader Interactive's debt balance as at 31 December 2021 of A\$579.7m (US\$400m) multiplied by current interest rate of 5.75%. Reported interest reflects interest incurred under the previous ownership structure



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# Appendix B

## Key Risks



# Key Risks

This section describes the key risks to carsales' business associated with the Acquisition together with the risks relating to participation in the Entitlement Offer that may affect the price or value of carsales' shares. Before investing in carsales, you should be aware that an investment in carsales has a number of risks, some of which are specific to carsales and some of which relate to listed securities generally, and many of which are beyond the control of carsales.

The risks set out in this section do not constitute an exhaustive list of all risks involved in an investment in carsales and for the avoidance of doubt, the categorisation of the risks does not limit their relevance to that particular category.

Investors should consult their own professional, financial, legal and tax advisers about these risks and the suitability of investing in carsales in light of their particular circumstances. Investors should also consider publicly available information on carsales and Trader Interactive (including information available on the ASX website) before making any investment decision.

## A. SPECIFIC RISKS RELATING TO THE ACQUISITION

### 1. Risks associated with completion of the Acquisition

carsales has exercised its call option to acquire the remaining 51% interest in Trader Interactive. The Acquisition is subject to various conditions, including obtaining the necessary regulatory approval and execution of the securities purchase agreement. The conditions are expected to be satisfied within 90 days but some of these are not within carsales' control.

carsales expects the Acquisition to proceed as advised. However, if the Acquisition fails to proceed or is delayed, the expected financial performance of carsales could be adversely affected and the benefits of the Acquisition outlined in this presentation may not be realised. The consummation of the Acquisition, or any transaction, is also subject to various risks and contingencies. There can be no assurance that the Acquisition, or any transaction, will be consummated.

If the Acquisition does not proceed and carsales has raised funds under the Entitlement Offer, carsales will return such proceeds to shareholders. If the Acquisition is delayed, carsales may incur additional costs and it may take longer than anticipated, if at all, for carsales to realise the anticipated benefits of the Acquisition or those benefits may be diminished.

Failure to proceed with or complete the Acquisition may be due to circumstances outside of carsales' control, including intervention by a regulatory body or order of a court of competent jurisdiction that imposes conditions, terms, obligations or restrictions in connection with their approval of the Acquisition, a failure to execute the securities purchase agreement or the occurrence of any event, change or other circumstance that could give rise to the termination of the securities purchase agreement, amongst other factors. Completion may also be impacted or prevented as a result of changes in the relevant legal and regulatory frameworks in Australia, the United States or other relevant jurisdictions.

### 2. Due Diligence

carsales has undertaken a due diligence process in relation to the Acquisition which relied in part on the review of financial and other information provided by Trader Interactive.

Despite making reasonable efforts, carsales has not been able to verify the accuracy, reliability or completeness of all of the information which was provided to it against independent data. carsales' assumptions and analysis may be inaccurate, including as a result of incorrect or missing information, flawed analysis methods or incorrect assumptions. There is no assurance that the due diligence conducted was comprehensive and that all issues and risks in respect of the Acquisition have been completely or accurately identified and avoided (or managed appropriately). Actual performance of Trader Interactive or circumstances may differ from carsales' conclusions.

Unforeseen issues and risks in respect of the Acquisition, in relation to Trader Interactive and its business may arise, which may have a materially adverse impact on carsales (for example, carsales may later discover liabilities or issues which were not identified through due diligence or for which there is no protection for carsales or fail to identify historical or future tax exposure across multiple jurisdictions). This could adversely affect the operations, financial performance or position of both Trader Interactive and carsales (the **Combined Business**).

# Key Risks

## A. SPECIFIC RISKS RELATING TO THE ACQUISITION (CONTINUED)

### 3. Future earnings risk

carsales has undertaken financial and business analysis of Trader Interactive in order to determine whether to pursue the Acquisition and its attractiveness to carsales. It is possible that such analysis, and the best estimate assumptions made by carsales, draw conclusions and forecasts that are inaccurate or which will not be realised in due course. To the extent that the actual results achieved by Trader Interactive, and consequently of the Combined Business, are different than those anticipated there is a risk that the profitability and future earnings of the Combined Business may differ (including in a materially adverse way) from the performance as described in this Presentation. There is also no guarantee that any prospective future earnings of carsales will be realised after completion of the Acquisition. Investors should also note this Presentation contains pro forma historical financial information, which is provided for illustrative purposes only and is not represented as being indicative of carsales' (or anyone else's) views on the Combined Business's future financial condition and/or performance.

### 4. Key management personnel

The success and performance of the Combined Business will rely on the effectiveness, talent and experience of key management personnel. The loss of any key personnel or group of staff generally could cause disruption to the conduct of the Combined Business in the short term and may have a material adverse impact on the Combined Business's operations, financial performance and/or financial position. It may be difficult to replace key personnel, or to do so in a timely manner or at comparable expense.

### 5. Regulatory risks

Post completion of the Acquisition, carsales will operate a wholly owned subsidiary in the United States and therefore be required to comply with the associated legal, regulatory, tax, licensing, and compliance relating to operating a business in the United States. This expansion will also expose carsales to the risk of operating in some jurisdictions which have different regulatory environments for breach of financial crimes laws. carsales will need to manage compliance with applicable laws. Any breach of the relevant legal or regulatory obligations or failure to meet compliance requirements may have an adverse impact on, or prevent completion of, the Acquisition, and may also have an adverse impact on the Combined Business's earnings and/or financial position and performance as well as their reputation.

### 6. Legal risks

The Acquisition involves carsales exercising its rights under a call option. Whilst the transaction documents relating to the Acquisition will contain some protections in respect of certain historical liabilities of Trader Interactive, there is always a risk that the transaction documents do not contain adequate protection for potential liabilities relating to Trader Interactive's business or other costs, potentially exposing carsales to the risk of future liabilities, costs or disputes arising in relation to the Acquisition or Trader Interactive's business generally.

### 7. Impact of COVID-19

Trader Interactive's business and operations continue to be exposed to the effects of COVID-19 (for example, supply chain issues arising from COVID-19, which in turn has resulted in lower inventory levels). There is a risk that COVID-19 continues to disrupt the Trader Interactive business, impair financial performance and impact the wellbeing of personnel. The long-term impacts of COVID-19 on the general economy, Trader Interactive and the industry in which Trader Interactive operates are uncertain and the future financial and operational performance of Trader Interactive and in turn the Combined Business may continue to be adversely affected by impacts from COVID-19.

### 8. Global markets and foreign exchange risk

As a result of the Acquisition, carsales is further increasing its concentration in the United States and therefore will be further exposed to the performance of the United States' domestic economy as well as global macroeconomic conditions (including as a result of any sanctions or escalations from the current conflict in Ukraine or other future world conflicts).

carsales will also become more exposed to fluctuations in the value of the USD, as well as other global currencies, than it was prior to the Acquisition. In cases where carsales' debt or other obligations are in currencies different than the currency in which carsales earns revenue, carsales may face higher costs to service those debts, which could impact on its financial performance or position. Fluctuations in exchange rates may also decrease the expected contributions made by Trader Interactive to carsales' earnings, resulting in an adverse impact on the Combined Business's earnings and/or financial position and performance.

# Key Risks

## A. SPECIFIC RISKS RELATING TO THE ACQUISITION (CONTINUED)

### 9. Historical liabilities

If the Acquisition completes, carsales will have greater exposure to any liabilities that Trader Interactive has incurred or agreed to incur in the past.

In addition, carsales will be exposed to any liabilities which were not identified during its due diligence, or which are greater than expected, for which insurance may not be adequate or available, and for which carsales may not have recourse. These could include liabilities relating to current or future litigation, regulatory actions and other liabilities. Such liability may adversely affect the financial performance or position of the Combined Business following completion of the Acquisition.

### 10. Debt funding and refinance risks

As part of the Transaction, carsales will seek the consent of its existing lenders to the Acquisition and also plans to upsize its debt facilities with existing lenders and new lenders as set out in slide 31 of this Investor Presentation. In the event carsales does not receive these consents it will need to replace its existing debt facilities prior to Completion of the Acquisition. If the existing lenders and/or new lenders do not agree to increase the existing debt facilities prior to completion of the Acquisition, carsales will need to seek alternative funding. In both cases, carsales may rely upon a backstop agreement with other lenders which may have higher financing costs. To the extent the increased facilities are provided, carsales will be more exposed to risks associated with gearing and higher leverage ratios, as its stand alone debt levels will increase.

In addition, the Combined Business will be more exposed to general risks associated with higher levels of debt. It may be more difficult for the Combined Business to refinance all or some of these debt facilities in the future and may result in an inability to secure new debt facilities at a similar quantum and cost to existing debt facilities which may adversely affect its financial performance. There is also a risk that shareholders do not agree with the increase in carsales' debt levels and may seek to reduce their shareholding, which may result in a fall in carsales' share price.

The Acquisition may also result in unforeseen requirements given the larger capital requirements of the Combined Business. The Combined Business may not be able to secure financing on favourable terms, or at all, to meet its future capital needs, and therefore additional offers that could dilute the capital of carsales or additional debt facilities may be required. Any existing and future debt financing may contain covenants that impact the operation of the Combined Business and pursuit of business opportunities. carsales' ability to conduct an offer in the future will depend on the market conditions at the time.

### 11. Underwriting risks

carsales has entered into an underwriting agreement with Morgan Stanley Australia Securities Limited, Goldman Sachs Australia Pty Ltd and UBS Securities Australia Ltd (together, the **Underwriters**) in respect of the Entitlement Offer, a summary of which is set out in Appendix D of this Presentation (**Underwriting Agreement**). If certain conditions are not satisfied or if certain termination events occur, the Underwriters may terminate the Underwriting Agreement.

Termination of the Underwriting Agreement may impact the ability of carsales to proceed with the Entitlement Offer and raise proceeds under the Entitlement Offer. If the Underwriting Agreement is terminated by the Underwriters, there is no guarantee that the Entitlement Offer will continue in its current form or at all. In these circumstances, carsales may need to find alternative funding to meet its contractual obligations under the Acquisition, which may result in carsales incurring additional costs and/or potential restrictions being imposed on the manner in which carsales conducts its business and deals with its assets. There is no guarantee that alternative funding could be sourced on satisfactory terms and conditions or at all. In this situation, carsales may be exposed to liability under the securities purchase agreement, once executed. Termination of the Underwriting Agreement could materially adversely affect carsales' business, cash flow and financial performance.



# Key Risks

## A. SPECIFIC RISKS RELATING TO THE ACQUISITION (CONTINUED)

### 12. Anticipated synergies and integration

There is a risk the anticipated benefits, cost savings and efficiencies associated with the Acquisition, may be achieved only in part, or not at all. This could impact carsales' financial performance and position, the future prospects of the Combined Business and the forecasts and prospective financial information regarding the Combined Business disclosed in this Presentation.

Without limiting the possible issues or challenges that could be faced in the further integration and consolidation of the Trader Interactive business, there may be issues with the integration of operating and management systems (such as IT, information, or accounting systems), challenges maintaining employee morale and attracting and motivating and retaining management personnel and other key employees, the possibility of faulty assumptions underlying expectations regarding the integration process, consolidating corporate and administrative infrastructures and eliminating duplicative operations and challenges that divert management attention or do not deliver the expected benefits of the Acquisition.

Many of these factors will be outside of Combined Business's control and these issues may cause unexpected delays, liabilities and costs to the Combined Business. Additionally, there are inherent risks in connection with the targeted potential synergies. For example, there is a risk that the targeted synergies of the Acquisition may be less than estimated or potential synergies are not achieved or take longer to achieve. If the integration of carsales and Trader Interactive takes longer than expected there may be delays in achieving the targeted potential synergies. In addition, carsales' initial estimate of the cost of integration may differ from the actual cost of integration. carsales may not be able to realise the targeted cost synergies and/or may not be able to increase its purchasing power or realise the benefits of a more efficient capital structure as a result of completion of the Acquisition.

Further, given the costs associated with implementing the targeted synergies, carsales' ability to realise the benefits is dependent, in part, on carsales and Trader Interactive having sufficient capital and other resources to complete the integration in the manner and time period contemplated. The estimated cost synergies from the Acquisition are predicative in character, may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved. These risks may have a material impact on the operations, financial performance and/or financial position of the Combined Business and the future price of carsales' shares.

### 13. Change of control in Trader Interactive

The completion of the Acquisition will result in a change of control in Trader Interactive. Although carsales has conducted due diligence in connection with the Acquisition, there is a risk that the change of control may have an adverse impact on material contracts that Trader Interactive has entered into with third parties, including key customer and supplier agreements. Any loss of key merchants or contracts as a result of completion of the Acquisition may result in a material adverse impact to the operations, financial performance and/or financial position of the Combined Business.

## B. OFFER SPECIFIC RISKS

### 1. Dilution risk

As the Entitlement Offer is non-renounceable, the issue of New Shares will dilute the interests of ineligible shareholders. Moreover, eligible retail shareholders who do not participate or take up their full Entitlements under the Entitlement Offer will have their percentage holding in carsales diluted as a result of the Entitlement Offer. Eligible retail shareholders who do take up their full Entitlements under the Entitlement Offer will not have their percentage holding in carsales diluted. Further, in the future, carsales may elect to issue further shares or engage in offers to fund its operations, for working capital purposes or to fund other opportunities that carsales may decide to pursue. Shareholders at the time may also be diluted as a result of such issuances of shares.

### 2. Regulatory risk

carsales must comply with the applicable foreign securities laws and regulations in each jurisdiction in which the Entitlement Offer will be made available. Any breach of the relevant legal or regulatory obligations or failure to meet compliance requirements in any of the relevant foreign jurisdictions may have an adverse impact on the success of the Entitlement Offer, as well as the financial and operating position of carsales.

# Key Risks

## B. OFFER SPECIFIC RISKS (CONTINUED)

### 3. Risks associated with an investment in shares

There are general risks associated with investments in equity capital such as carsales shares and the stock market. The trading price of carsales shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the new shares issued under the Entitlement Offer being more or less than the Offer Price. There is also considerable uncertainty as to the ongoing impact of COVID-19 on the Australian, United States, European and other economies and of the recent events involving Russia and Ukraine. Rising rates of inflation globally and the increase in interest rates by the Reserve Bank of Australia and the United States Federal Reserve is creating further uncertainty and instability in the Australian, United States, European and global economies and may impact the market price of carsales shares. Generally applicable factors that may affect the market price of carsales shares include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- changes in government legislation and policies, in particular taxation laws;
- announcement of new technologies;
- geopolitical instability, including international hostilities and acts of terrorism;
- demand for and supply of carsales shares;
- announcements and results of competitors; and
- analyst reports.

The operational and financial performance and position of carsales and carsales' share price may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. No assurance can be given that the New Shares will trade at or above the Offer Price. None of carsales, its directors or any other person guarantees the market performance of carsales or of the New Shares.

It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable. Equity markets have in the past and may in the future be subject to significant volatility.

### 4. Exchange rate fluctuations

The proceeds that carsales will receive from the Entitlement Offer will be denominated in AUD. However, the purchase price payable by carsales under the Acquisition will be denominated in USD. Given there is expected to be a substantial period of time between the conclusion of the Entitlement Offer and the payment of the purchase price under the Acquisition, there is a risk that AUD/USD exchange rate fluctuations may result in the proceeds received by carsales under the Entitlement Offer having a lower USD value when the payment of the purchase price is made. There is a risk that carsales will need to access alternative sources of funds, including debt markets, in the future to pay any shortfall in the purchase price resulting from exchange rate fluctuations. Possible increases in the interest rate, the cost of interest rate hedges and the level of financial covenants required by lenders in these situations may also adversely impact the operational and financial results of the Combined Business if additional funds are required in this scenario.

### 5. Liquidity risk

Shareholders who wish to sell their New Shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market. There is no guarantee of the liquidity of the New Shares and there is a risk that shareholders may lose some of the money invested.

# Key Risks

## C. RISKS RELATED TO INVESTMENT IN CARSALES, INCLUDING POST COMPLETION OF THE TRANSACTION

### 1. Cyber security

The cyber threat to companies around the world is growing and unrelenting. As online businesses, carsales and Trader Interactive are not immune to these risks. A cyberattack or hack of carsales' or Trader Interactive's systems, including those of third party providers of information technology services to carsales, could have serious impacts on the Combined Business's reputation, operational and financial performance.

carsales and Trader Interactive collect personal information on its customers. Data or security breaches may compromise the ability of carsales to protect customer data, which could result in breaches of privacy laws and may damage the Combined Business's brand, reputation and consumer confidence. Further, laws relating to data privacy are evolving across all jurisdictions and any changes to standards may adversely impact carsales systems and operating procedures.

Both carsales' and Trader Interactive's businesses may be adversely affected by malicious third party applications that interfere with, or exploit, security flaws in its websites. Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in a user's computer or in carsales' or Trader Interactive's computer systems or attempt to change the internet experience of users by interfering with carsales' and Trader Interactive's ability to connect with its users.

If carsales', Trader Interactive's and consequently the Combined Business's efforts to combat these malicious applications are unsuccessful, or if its products and services have actual or perceived vulnerabilities, carsales' business reputation and brand name may be harmed and user traffic could decline, which may result in a material adverse effect on the Combined Business's operations, financial performance and/or financial position.

### 2. Reputational risks

The success of carsales and its businesses and associates around the world, including Trader Interactive, is heavily reliant on its reputation and branding. Unforeseen issues or events, which place carsales' reputation at risk, may impact its future growth and profitability.

### 3. Relationships with dealers and OEMs

carsales and the Combined Business derive a significant proportion of their revenue from motor vehicle dealers and automotive manufacturers (**OEMs**). A change in the size and/or structure of this market could impact the earnings of the Combined Business. In particular, consolidation of the dealer market with fewer, larger dealers or increased manufacturer control of dealers' online advertising activity may impact upon the financial performance of the Combined Business. In addition, a significant proportion of the revenue of the Combined Business is generated under monthly agreements with motor vehicle dealers. Should a significant number of dealers cancel or fail to renew their agreements, this may have an adverse effect on the financial performance of the Combined Business.

### 4. Competition

The online advertising industry for automotives, commercial trucks, recreational vehicles, powersports and equipment industries is highly competitive. While carsales will undertake reasonable due diligence in its business decisions and operations, carsales will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of carsales and the Combined Business. For instance, new technologies could result in carsales' or Trader Interactive's various online platforms not being sufficiently differentiated to other similar offerings. The Combined Business's ability to develop additional online features could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Combined Business and its operations, financial performance and/or financial position.

### 5. Downturn in economy or advertising market

The performance of carsales and the Combined Business will continue to be influenced by the overall condition of the motor vehicle, commercial truck, recreational vehicle, powersports and equipment industries markets. These markets are influenced by the general condition of the Australian and US economies (along with others), which by their nature is cyclical and subject to change. In addition, carsales derives a significant proportion of its revenue from display advertisers on its network of websites. A decline or significant change in the advertising market as a result of broader economic influences or changing advertiser trends could have a negative impact on carsales' future earnings.

# Key Risks

## C. RISKS RELATED TO INVESTMENT IN CARSALES, INCLUDING POST COMPLETION OF THE TRANSACTION (CONTINUED)

### 6. Information technology

The performance of the Combined Business's websites, apps, databases, IT and management systems is very important to the reputation of the Combined Business, its ability to attract customers and to achieve overall market acceptance of its services.

The Combined Business's websites and business operations rely on owned and third party IT infrastructure and systems, telecommunications operators, data centres and other third parties to maintain its websites and provide its products and services to customers. Any interruption to these operations, corruption to the databases or loss of customer data could impair the Combined Business's ability to operate its customer facing websites which could have a negative impact on the Combined Business's financial performance and reputation. The Combined Business's financial performance will also depend on its ability to monitor and manage major projects such as website upgrades and other projects involving its IT infrastructure.

Although the Combined Business's systems have been designed around industry standard architectures, they remain vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses or similar events. The Combined Business's disaster recovery planning cannot account for all eventualities. The websites operated by carsales and Trader Interactive have experienced system failures in the past and may do so in the future. If frequent or persistent significant system failures are experienced on carsales' and Trader Interactive's websites, they may need to take steps to increase the reliability of its systems and invest in further or improved back-up systems. This could be expensive, reduce operating margins and may not be successful in reducing the frequency or duration of unscheduled downtime. It would also negatively impact the Combined Business's business reputation and brand name.

### 7. Dependence on internet infrastructure

As online businesses, carsales and Trader Interactive are dependent on the ongoing maintenance of the global, regional and local internet infrastructure to provide the necessary data speed, capacity and security to allow it to offer viable services.

The internet has experienced significant growth in the number of users and amount of traffic. To the extent that the internet continues to experience increased numbers of users, there can be no assurance that the internet infrastructure will continue to be able to support the demands placed on it by continued growth. Any ongoing or serious disruptions to the performance of the internet in carsales' or Trader Interactive's respective markets will adversely affect the Combined Business's operations and growth plans and would damage its business reputation and brand name.

### 8. Reliance on search engine marketing

A minority component of the revenue of carsales and the Combined Business is attributable to customers who access the Combined Business' website by clicking on links that the Combined Business paid to list on search engine results pages. From time to time, the Combined Business places bids on key words at a certain cost per click, the cost of which is subsequently paid to the search engine in order to place these listings with a search engine. The cost of search engine marketing generally increases as the importance of online advertising increases and competition to be ranked higher in paid listings increases. Furthermore, businesses might have to submit higher bids in order to purchase certain key words to offset a reduction in their click-through rate. This may occur if the Combined Business were to suffer negative publicity or if its market share were to decline, or if any other factor impacted on its brand or reputation. In addition, if the Combined Business were to experience a reduction in natural search visibility in search engines, it could increase the Combined Business' reliance on search engine marketing. The business, financial performance and operations of the Combined Business may be materially adversely affected by any increase in the cost of, or in reliance on, search engine marketing, or any decrease in the effectiveness of its search engine marketing.

### 9. Litigation or disputes

In the ordinary course of business, carsales and the Combined Business may be involved in possible disputes. These disputes could give rise to litigation, the outcome of which could have a material adverse effect on their operations, financial performance and/or financial position. While the extent of any disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect the operational and financial results of the Combined Business. There is also a risk that the Combined Business's reputation may suffer due to the profile and public scrutiny surrounding any such litigation and disputes regardless of their outcome.



# Key Risks

## C. RISKS RELATED TO INVESTMENT IN CARSALES, INCLUDING POST COMPLETION OF THE TRANSACTION (CONTINUED)

### 10. Intellectual Property

carsales and Trader Interactive regard substantial elements of their websites, software tools, applications, databases and underlying technology as proprietary. Despite precautionary measures, third parties may copy or otherwise obtain and use their respective proprietary information without authorisation or may develop similar technology independently. In addition, competitors may be able to design around their respective technologies or develop competing technologies substantially similar to those without any infringement of their proprietary rights. Any legal action the Combined Business may bring to protect its proprietary information could be unsuccessful and expensive and would divert management's attention from its business operations.

carsales and Trader Interactive are also subject to the risk of claims alleging infringement of third-party proprietary rights. If carsales or Trader Interactive infringes upon the rights of third parties, they may be unable to obtain licences to use those rights on commercially reasonable terms. Third parties that provide products and services that are critical to the Combined Business may be subject to similar claims, which could prevent them from continuing to provide these products and services. In either of these events, the Combined Business may be required to undertake substantial reengineering of its systems or processes in order to continue offering its services and it may not succeed in doing so. In addition, any claim of infringement could use substantial management time and result in the Combined Business incurring substantial costs to negotiate and resolve the claim. Furthermore, a party making such a claim could secure a judgment that requires carsales to pay substantial damages, which could adversely affect the Combined Business's operations, financial performance and/or financial position.

### 11. Electric vehicles

The number of electric vehicles being purchased is rapidly increasing. The average purchase price of an electric vehicle is currently greater than the average price of a conventional combustion engine vehicle. The engines of electric vehicles tend to last longer than the engines of traditional combustion engine vehicles. The increase in the sale of electric vehicles may result in consumers purchasing fewer vehicles and less frequent vehicle purchases by a consumer over their life. This could result in a decline in sales of traditional combustion engine vehicles, which includes commercial trucks and recreational vehicles, which could have an adverse financial impact on carsales and the Combined Business. Several electric vehicle manufacturers market and sell their products directly to consumers (e.g Tesla) and this may extend to manufacturers of traditional combustion engine vehicles, which may have an adverse impact on the Combined Business' revenue that is generated from existing relationships with vehicle manufacturers and dealers.

### 12. Supply of vehicles

carsales' and Trader Interactive's ability to offer a wide variety of automotive and non-automotive products, including motor vehicles, commercial trucks, recreational vehicles, powersports and equipment products for sale are key contributors to the appeal of their respective business to customers. There is a risk that the Combined Business may be unable to continue to provide the same variety of products to customers if the number of motor vehicles, commercial trucks and recreational vehicles being supplied to the Australian market / US market (as applicable) by manufacturers decreases. This risk has been further heightened as a result of the conflict in Ukraine which has created shortages in the supply of essential items used in the manufacture of vehicles. This could adversely affect the operations, financial performance and/or financial position of the Combined Business.

### 13. Shift away from car ownership

carsales' core business offering relies on the desire of individuals to own a vehicle. There is a risk that with the increase in alternative options to individual vehicle ownership, for example, vehicle sharing services, there may be a shift away from individual vehicle ownership in the long term albeit during the COVID-19 pandemic this trend declined as individuals preferred to have their own vehicles. As the effects of the COVID-19 pandemic diminish, it may be likely that the trend towards individual car ownership increases in the future. This could adversely affect the operations, financial performance and/or financial position of carsales.

### 14. Insurance

Not all risks are insured or insurable. carsales cannot be certain that its current insurance is adequate or that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable terms. If carsales experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. Additionally, carsales' current insurance policies may not cover newly acquired assets or businesses (including its investment in Trader Interactive) and/or such acquisition may involve a substantial increase in premium to achieve coverage. These risks may have a materially adverse effect on carsales' financial position and performance.

# Key Risks

## C. RISKS RELATED TO INVESTMENT IN CARSALES, INCLUDING POST COMPLETION OF THE TRANSACTION (CONTINUED)

### 15. Expiry or termination of material contracts

carsales and Trader Interactive rely on service providers for a number of ongoing services, which if terminated might have significant financial and operational implications for their respective businesses. Whilst each party seeks to manage these arrangements, from time to time, in the ordinary course of business, material contracts will be terminated by the counterparty, expire or come up for renegotiations.

Whilst carsales and Trader Interactive carefully manages the replacement and renegotiation of material contracts and seeks to maintain positive relationships with counterparties, there is a risk that a counterparty may not be willing to enter into a further agreement or may seek to renegotiate the terms of the contract on less favourable terms for carsales. If any of the material contracts are terminated by the counterparty, not renewed or renegotiated on less favourable terms, it may have an adverse impact on the operations, financial performance and/or financial position of the Combined Business.

### 16. Future acquisitions

carsales may consider future acquisitions where it believes they are supportive of carsales' growth strategy or are otherwise in the best interests of carsales. There are a number of potential risks associated with acquisitions, including but not limited to the integration of financial, operational and managerial resources. If the assets or businesses are not successfully integrated, this may have a material adverse effect on carsales' financial and operational performance.

In addition, while carsales will conduct due diligence on proposed acquisitions, there is no assurance that an acquisition will perform as forecast once fully integrated, or successfully achieve the desired objectives, including, where applicable, any synergies. Further, carsales may encounter unanticipated events, circumstances or legal liabilities in connection with any proposed acquisition, including risks with financing or refinancing any proposed acquisition.

### 17. Key personnel

carsales relies on the talent and experience of its directors, key senior management (which will include those of Trader Interactive post completion of the Acquisition) and staff generally. The loss of any key personnel or a group of staff generally could cause disruption to the conduct of the Combined Business in the short term and may have a material adverse impact on the Combined Business' operations and/or financial performance. It may be difficult to replace key personnel, or to do so in a timely manner or at comparable expense.

### 18. Culture and talent

Poor corporate culture can lead to, amongst other things, unethical practices, lack of trust, poor decision-making, increased employee turnover and reduced motivation. Any of these outcomes may have a material adverse impact on carsales' operations and financial performance. As with carsales' key personnel, the future success of carsales will depend substantially on its ability to attract and retain high quality staff and consultants. carsales relies on its highly capable staff to manage the operational, sales, compliance and other functions of its business. There is a risk that, if carsales is understaffed (or the workload of existing staff is unsustainable), carsales' operational and financial performance will suffer.

### 19. International expansion

With the expansion of the business into new high growth international geographies, carsales becomes exposed to the macroeconomic environment of these markets as well as to fluctuations in exchange rates. carsales may not be able to fully recoup its investment in these markets should it not be able to accelerate the growth of its business through the implementation of carsales' business models, intellectual property and technologies.

### 20. Regulatory risk

carsales must comply with wide ranging laws and regulations in each of the jurisdictions in which it operates, which include consumer protection laws. Changes to laws and regulations that apply to carsales and the Combined Business in any of the jurisdictions in which they operate may have a material adverse effect on carsales' and the Combined Business's financial position and prospects. Further, regulatory requirements in any of the jurisdictions in which carsales operates may become more burdensome in the future, which may result in the Combined Business being required to dedicate more time, resource and expenditure to ensure compliance. Any breach of the relevant legal or regulatory obligations or failure to meet compliance requirements may have an adverse impact on the financial performance and operating position of the Combined Business.

# Key Risks

## D. GENERAL RISKS

### 1. Dividends

The payment of dividends in respect of carsales' shares is impacted by several factors, including carsales' profitability, capital requirements and free cash flow. Any future dividends will be determined by carsales' board having regard to these factors, among others. There is no guarantee that any dividend will be paid by carsales, or if paid, paid at historical levels.

### 2. Macroeconomic conditions, including COVID-19

Adverse macroeconomic conditions could have an impact on the retail sector leading to lower demand for automotive and non-automotive products, which could adversely affect the Combined Business's operations, financial performance and/or financial position. Sustained periods of economic downturn leading to increased unemployment, higher cost of living and increased interest rates may also lead to lower demand, which could adversely affect the Combined Business's operations, financial performance and/or financial position.

The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of individuals, businesses, and governments to operate. There continues to be considerable uncertainty as to the duration of and further impact of COVID-19 and related variants, including in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions and the impact on the Australian, United States and global economy and share markets. The COVID-19 pandemic and related containment measures, as well as other macroeconomic events, including central bank policies to curb inflation and future government actions, may have an impact on customer purchasing appetite which could have an adverse impact on the Combined Business's financial performance / financial position, operations and success.

Overall, the Combined Business's financial performance, financial position and the price of carsales' shares may fluctuate due to various factors, including movements in domestic and international capital markets, recommendations by brokers and analysts, investor perceptions, interest and exchange rates, changes in government, inflation, fiscal, monetary and regulatory policies, prices of commodities, global geopolitical events (including the recent events involving Russia and Ukraine, which appear to have had a significant impact on financial markets causing general uncertainty in the market), hostilities and acts of terrorism, and other factors.

### 3. Rising inflation (vehicle costs)

Inflation is increasing globally. As inflation increases, this may result in prices of motor vehicles, commercial trucks and recreational vehicles increasing. It may also result in the prices of digital marketing solutions and services in connection with these products increasing. Inflation also increases manufacturing costs for vehicle manufacturers and these costs are passed on to consumers. If these prices increase, fewer consumers may be able to purchase vehicles. This may result in a reduction of the number of vehicles sold by manufacturers and dealers, which could have an adverse impact on the operations, financial performance and/or position of carsales and the Combined Business.

### 4. Rising inflation and staff shortages

Unemployment rates in Australia and the United States are currently among the lowest in history. This has increased the costs for employers of retaining existing staff and hiring new staff. The challenging labour market and increasing inflation (which increases the cost of living for employees) makes it more difficult to retain existing staff and hire new staff. The Combined Business relies on the quality and stability of its work force for performance. If inflation continues to rise and the labour market remains challenging, this may result in a decline in the Combined Business' financial performance, which could have an adverse impact on the operations, financial performance and/or position of the Combined Business.

### 5. Rising interest rates (vehicle sales)

Interest rates in Australia and the United States are increasing. Further, the Reserve Bank of Australia and the United States Federal Reserve have indicated that it is likely that interest rates will continue to increase in Australia and the United States respectively. Increasing interest rates may have several consequences for sales of motor vehicles, commercial trucks and recreational vehicles, including it being more difficult for consumers to obtain vehicle finance as lenders may require additional security or impose stricter requirements before advancing vehicle finance, vehicle finance being more expensive and for consumers with existing vehicle finance, the servicing of this debt could be more expensive. This could result in fewer vehicle sales by manufacturers and dealers, as well as fewer consumers being able to obtain vehicle finance, which could have an adverse financial impact on the operations, financial performance and/or position of the Combined Business.

# Key Risks

## D. GENERAL RISKS (CONTINUED)

### 6. Force majeure

In addition to the COVID-19 pandemic risks, events may occur within or outside Australia that could have an adverse effect on the global economies and carsales' share price. The events include hostilities (including the recent events involving Russia and Ukraine, which appear to have had a significant impact on financial markets causing general uncertainty in the market), acts of terrorism, civil wars, labour strikes, natural disasters or other man-made disasters.

### 7. Changes in tax rules or their interpretation

Changes in tax law, or changes in the way tax laws are interpreted may impact the tax liabilities of carsales and the Combined Business, shareholder returns, or the tax treatment of an investment. In particular, both the level and basis of taxation may change. Tax law is frequently being changed, both prospectively and retrospectively. Any actual or alleged failure to comply with, or any change in the application or interpretation of tax rules applied in respect of such transactions, may increase carsales' and the Combined Business's tax liabilities or expose it to legal, regulatory or other actions.

### 8. Australian online retail market

There is no guarantee that the Australian online retail market will continue to grow into the future, or as currently forecast. Growth in the Australian online retail market is expected to be driven partly by the migration of customers from traditional retail formats to online retail platforms. This factor is in part outside the control of online retailers, including carsales, and there is no guarantee that the migration of customers observed in recent years will continue in the future. If online penetration of the Australian retail market does not increase in line with carsales' expectations, carsales may not be able to acquire new customers or engage existing customers, and its business, financial condition and operating results may suffer.

### 9. Trading Patterns

carsales' financial performance depends in part on its ability to gauge and react to changing trading patterns in a timely manner. The change to trading patterns is further heightened as a result of COVID-19 and ongoing disruption which has created volatility in customer spending patterns. If carsales fails to react to changes in trading patterns in a timely manner, this may result in lower revenue and margins and could adversely impact carsales' financial and operational performance.

### 10. Changes in Australian Accounting Standards

Australian Accounting Standards are issued by the Australian Accounting Standards Board ("AASB") and are outside of the control of carsales and its directors. Any changes to the accounting standards or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of carsales.

There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in carsales' consolidated financial statements.

### 11. Currency risks

Revenue and expenditure in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. carsales carries on a large part of its business outside of Australia. Accordingly, revenues and payments will be made in those countries' currencies and may deviate from budgeted expectations if there are adverse currency fluctuations against the Australian dollar.

### 12. Heightened Geopolitical Risk

The ongoing Russia-Ukraine conflict has had and will continue to have a significant impact on vehicle manufacturers and dealers (e.g. shortages of critical materials, a slowing down of automotive electrification, disruptions to key supply chains, semi-conductor and electric vehicle battery manufacturing, and a reduction in catalytic converter production), resulting in a decline in the number of vehicles sold and car prices remaining high. This conflict has also created a significant degree of uncertainty in global markets, which could have an adverse impact on carsales.



# Key Risks

## D. GENERAL RISKS (CONTINUED)

### 13. General Operating Risks

The performance of carsales may be subject to conditions beyond the control of its management, and these conditions may reduce sales of its services and/or increase costs of both current and future operations (e.g. unplanned shutdowns for an extended period of time, changes in legislative requirements, variation in timing of regulatory approvals, abnormal or severe weather or climatic conditions, natural disasters, fire and explosion events, disruption to transport operations due to a significant event or regulatory action, reputational issues, unexpected maintenance or technical problems, new technology failures and industrial disruption).

### 14. Climate Change

Carbon emissions from traditional combustion engine vehicles is one of the leading causes of global warming. For this reason, several governments have implemented measures to reduce these emissions (e.g. the introduction of mandatory catalytic converters). This area is evolving rapidly and governments are under significant pressure to make changes to reduce climate change and carbon emissions. These changes could result in an increase in the cost of vehicles, which is carried by the consumer, or other consequences that could have an adverse impact on the operations, financial performance and/or financial position of carsales.

### 15. Historical Acquisitions

In accordance with its growth strategy, carsales has undertaken several acquisitions in the past. At the time of each acquisition, carsales conducted due diligence. Despite this, it is possible that one or more issues or liabilities may not have been identified, or are of an amount greater than expected, and that the protections negotiated by carsales prior to the relevant acquisition are inadequate in the circumstances and may materially affect carsales and its business in the future.

## E. OTHER RISKS

The above risks should not be taken as a complete list of the risks associated with an investment in carsales. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of carsales securities and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by carsales and the Combined Business in respect of carsales shares.



carsales.com Ltd

# Appendix C International Offer Restrictions

# International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("**New Shares**") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission. Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.



# International Offer Restrictions

## European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

## Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## Japan

The New Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors.

Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.



# International Offer Restrictions

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# International Offer Restrictions

## Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

## United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority ("SCA") or any other authority in the UAE.

No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE. This document may be distributed in the UAE only to "professional investors" (as defined in the SCA Board of Directors' Decision No.13/RM of 2021, as amended).

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

# International Offer Restrictions

## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.


Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

## United States

This document has been prepared for publication in Australia and may not be distributed or released in the United States. This document does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction. The New Shares described in this document have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

A close-up, high-angle photograph of a car's wheel and brake system. The focus is on the brake disc, which is a circular metal plate with a series of small holes around its perimeter. The disc is mounted on a hub, and the brake pads are visible on either side. The background shows the spokes of the wheel, which are made of a dark material, possibly carbon fiber or a similar composite. The lighting is dramatic, highlighting the metallic textures and the intricate details of the brake components.

carsales  com Ltd  
Appendix D  
Summary Of  
Underwriting  
Agreement



# Summary Of Underwriting Agreement

## SUMMARY OF UNDERWRITING AGREEMENT

carsales has entered into an underwriting agreement with the Underwriters in respect of the Entitlement Offer (the “**Underwriting Agreement**”).

The Underwriting Agreement contains customary representations and warranties and indemnities in favour of the Underwriters. The Underwriters' obligations under the Underwriting Agreement, including to underwrite and manage the Entitlement Offer, are conditional on certain matters (which if not satisfied by the time required, entitles the Underwriters to terminate their obligations under the Underwriting Agreement).

### Termination Events

- ASX announces that CAR will be removed from the official list or that its Shares will be removed from official quotation, or suspended, other than in connection with the Entitlement Offer;
- CAR alters its capital structure without the consent of the Underwriters;
- CAR or a material subsidiary of CAR is deemed insolvent or there is an act or omission which may result in CAR or a material subsidiary of CAR becoming insolvent;
- the chief executive officer or chief financial officer of CAR has their employment terminated by CAR for cause without the prior written consent of the Underwriters;
- CAR or any of its directors engage, or have engaged, in any fraudulent conduct or activity;
- a director or senior manager of CAR is charged with an indictable offence relating to financial or corporate matters, or a director of CAR is disqualified from managing a corporation;
- ASIC or any governmental agency charges or commences any court proceedings or public action against CAR or any of its directors, or announces that it intends to take action;
- a force majeure event occurs;
- CAR withdraws the Entitlement Offer or any part of it or indicates that it does not intend to or is unable to proceed with the Entitlement Offer;
- a certificate is not furnished when required to be furnished by CAR under the Underwriting Agreement;
- ASIC issues or threatens to issue proceedings in relation to the Entitlement Offer or commences any formal inquiry or investigation into the Entitlement Offer and such proceedings, inquiry or investigation is not withdrawn within 2 business days after it is made, or before settlement of the Institutional Entitlement Offer;
- there is an application to any government agency for any order, declaration or other remedy, or any other government agency commences a hearing or announces its intention to do so in connection with the Entitlement Offer and such application, investigation or hearing is not withdrawn within 2 business days after it is made, or before settlement of the Institutional Entitlement Offer;
- ASX refuses to grant approval for the official quotation of the New Shares or such approval is withdrawn, qualified or withheld before the date of the allotment or issue of the Shares;
- CAR becomes required to give or gives a correcting notice under sections 708AA(10) or 708AA(12) (as included by the ASIC Instruments);
- any event specified in the timetable is delayed without the prior written consent of the Underwriters; or
- a scheme of arrangement or reconstruction is announced by CAR which would result in a change in control of CAR.

# Summary Of Underwriting Agreement

In addition, the Underwriters may terminate their obligations under the Underwriting Agreement if any of the following events has, or is likely to have, a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the likely market price at which the New Shares will trade on ASX or, where the event leads or is likely to lead to a contravention by or liability of an Underwriter or its affiliates under the Corporations Act or any other applicable law:

## Termination Events

- there is a change in the chief executive officer or chief financial officer of CAR for reasons other than having their employment terminated by CAR for cause, or there is any other change to CAR's Board of Directors;
- CAR or a subsidiary of CAR contravenes the Corporations Act, CAR's constitution, the Listing Rules or, in relation to the Entitlement Offer or the Proposed Transaction, any other applicable law;
- a furnished certificate contains a statement that is untrue, incorrect, or misleading or deceptive in any material respect;
- there is a general moratorium or material disruption on commercial banking activities in Australia, the United States of America, the United Kingdom or Hong Kong is declared by the relevant central banking authority;
- trading of all securities quoted on ASX, LSE, HSE, NASDAQ or NYSE is suspended or limited in a material respect;
- hostilities not present, or a major escalation in existing hostilities occurs involving any one or more of Australia, New Zealand, Canada, the United States or the United Kingdom, any member state of the European Union, Russia, Democratic People's Republic of Korea, Japan or the People's Republic of China, or terrorist act is perpetrated in any of those countries or chemical, nuclear or biological weapons of any sort are used in connection with or the military of any member state of NATO becomes directly involved in the Ukraine conflict that is ongoing as at the date of the Underwriting Agreement;
- there is a change in relevant law or policy in Australia which does or is likely to prohibit, regulate or materially inhibit the Entitlement Offer, capital markets or stock markets;
- ASIC or any other government agency commences or gives notice of an intention to prosecute or to commence a hearing or investigation of CAR (or any director or employee of CAR) and such prosecution, investigation or hearing becomes public or is not withdrawn within 2 business days after it is made, or before the settlement date of the Institutional Entitlement Offer;
- in the reasonable opinion of the Underwriters, an adverse new circumstance arises that would render the offer materials false, misleading or deceptive;
- a statement contained in the offer materials is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, or omit any information required under the Corporations Act, or any expression of opinion or intention in the offer materials is (or ceases to be) fairly and properly supportable, or there are no (or ceases to be) reasonable grounds for making any statements in the offer materials;
- an event or circumstance occurs or becomes known that would have required CAR to give ASX a correcting notice under sections 708AA(10) or 708AA(12) (as included by the ASIC Instruments) had the cleansing notice been lodged on the basis of information known at that time;
- an adverse change occurs in the financial position, operations or prospects of CAR from the position disclosed to the Underwriters or the information publicly available, or the offer documents prior to the date of the Underwriting Agreement (subject to certain exceptions);
- CAR fails to perform or observe any of its obligations under the Underwriting Agreement;

# Summary Of Underwriting Agreement

## Termination Events

- a representation, warranty or undertaking made or given by CAR under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect;
- any information supplied to the Underwriters prior to the Underwriting Agreement for the purpose of due diligence, the Entitlement Offer materials or the Entitlement Offer is, or becomes false, misleading or deceptive or likely to mislead or deceive (including by omission);
- an offer of Shares or transaction is announced which may result in a person and their associates acquiring a beneficial interest in, or voting power of, 50% or more of the interests in CAR; or
- there is any adverse, or prospective adverse change or disruption to the financial markets, political or economic conditions of Australia, New Zealand, the United States, the United Kingdom or Hong Kong.

If the Underwriters terminate their obligations under the Underwriting Agreement, the Underwriters will not be obliged to perform any of their obligations that remain to be performed.

Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Entitlement Offer. In these circumstances, carsales would need to utilise alternative funding to achieve its objectives described in this Presentation.

For details of the fees payable to the Underwriters in consideration for performing their obligations under the Underwriting Agreement, see the Appendix 3B released to ASX on 27 June 2022.



An aerial photograph showing a winding asphalt road that curves through a lush green forest. To the left of the road is a rocky, brownish cliffside that meets a body of clear, turquoise water. A single white car is visible on the road, moving away from the viewer. The overall scene is scenic and natural.

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