



AutoWeb Reports Preliminary July 2020 Results

August 19, 2020

Sustained Improvements Drive Second Consecutive Month of Positive Cash Flow

TAMPA, Fla., Aug. 19, 2020 (GLOBE NEWSWIRE) -- AutoWeb, Inc. (Nasdaq: AUTO), a robust digital marketing platform providing advertising solutions for automotive dealers and OEMs, is reporting select preliminary unaudited results for July 2020.

July 2020 Preliminary Unaudited Results (\$ in millions, excl. gross margin items)

	July 2020	July 2019
Total Revenues	\$6.1	\$10.2
Gross Profit	\$2.3	\$1.9
Gross Margin	37.5%	18.8%
Net Income/(Loss)	\$(0.1)	\$(1.1)
Adjusted EBITDA	\$0.4	\$(0.2)
Cash, cash equivalents and restricted cash	\$12.4	\$6.0

"We are providing our stockholders another intra-quarter update amid the coronavirus pandemic," said Jared Rowe, President and CEO of AutoWeb. "Our improved results over the past several months are further evidence of the strength of our turnaround. Gross margin has continued to hold above 35%, and we generated positive cash flow and adjusted EBITDA in both June and July. In fact, we drove a higher level of adjusted EBITDA in July than we did for the entire second quarter. This performance reflects the strength, resiliency, and sustainability of our strategy despite the challenging automotive environment.

"I am extremely proud of our team's ability to navigate through the pandemic, and we will continue to support our dealer and OEM customers by delivering high-quality matches that better engage both buyer and seller alike."

The preliminary unaudited financial results for July 2020 and the unaudited financial results for July 2019, as well as the non-GAAP reconciliation tables related to these periods at the end of this press release, are based on calculations or figures prepared internally by the Company and have not been reviewed or audited by the Company's independent registered public accounting firm. The Company's actual results for the month of July 2020 represent the most current information available to the Company and may differ materially from the preliminary unaudited financial results and related non-GAAP reconciliation due to the completion of the Company's financial closing procedures and reviews.

About AutoWeb, Inc.

AutoWeb, Inc. provides high-quality consumer leads, clicks and associated marketing services to automotive dealers and manufacturers throughout the United States. The company also provides consumers with robust and original online automotive content to help them make informed car-buying decisions. The company pioneered the automotive Internet in 1995 and has since helped tens of millions of automotive consumers research vehicles; connected thousands of dealers nationwide with motivated car buyers; and has helped every major automaker market its brand online.

Investors and other interested parties can receive AutoWeb news alerts by accessing the online registration form at investor.autoweb.com/email-alerts.

Note about Non-GAAP Financial Measures

AutoWeb has disclosed Adjusted EBITDA in this press release, which is a non-GAAP financial measure as defined by SEC Regulation G. The company defines Adjusted EBITDA as net loss before interest, taxes, depreciation, amortization, non-cash stock-based compensation, non-cash gains or losses, and other extraordinary items. A table providing a reconciliation of Adjusted EBITDA is included at the end of this press release.

The company's management believes that presenting Adjusted EBITDA provides useful information to investors regarding the underlying business trends and performance of the company's ongoing operations, as well as providing for more consistent period-over-period comparisons. This non-GAAP measure assists management in its operational and financial decision-making and monitoring the company's performance. In addition, we use Adjusted EBITDA as a measure for determining incentive compensation targets. Adjusted EBITDA is used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Management strongly encourages investors to review the company's consolidated financial statements in their entirety and to not rely on any single financial measure.

Tax Benefit Preservation Plan

At December 31, 2019, the company had approximately \$100.5 million in available net operating loss carryforwards (NOLs) for U.S. federal income tax purposes. AutoWeb reminds stockholders about its Tax Benefit Preservation Plan dated May 26, 2010, as amended (the "Plan") between the company and Computershare Trust Company, N.A., as rights agent.

The Plan was adopted by the company's board of directors to preserve the company's NOLs and other tax attributes, and thus reduce the risk of a possible change of ownership under Section 382 of the Internal Revenue Code. Any such change of ownership under Section 382 would limit or eliminate the ability of the company to use its existing NOLs for federal income tax purposes. In general, an ownership change will occur if the company's 5% shareholders, for purposes of Section 382, collectively increase their ownership in the company by an aggregate of more than 50 percentage points over a rolling three-year period. The Plan is designed to reduce the likelihood that the company experiences such an ownership change by discouraging any person or group from becoming a new 5% shareholder under Section 382. Rights issued under the Plan could be triggered upon the acquisition by any person or group of 4.9% or more of the company's outstanding common stock and could result in substantial dilution of the acquirer's percentage ownership in the company. There is no guarantee that the Plan will achieve the objective of preserving the value of the company's NOLs.

As of June 30, 2020, there were 13,146,831 shares of the company's common stock, \$0.001 par value, outstanding. Persons or groups considering the acquisition of shares of beneficial ownership of the company's common stock should first evaluate their percentage ownership based on this revised outstanding share number to ensure that the acquisition of shares does not result in beneficial ownership of 4.9% or more of outstanding shares. For more information about the Plan, please visit investor.autoweb.com/financial-information/tax.

Forward-Looking Statements Disclaimer

The statements contained in this press release or that may be made during the conference call described above that are not historical facts are forward-looking statements under the federal securities laws. Words such as "anticipates," "could," "may," "estimates," "expects," "projects," "intends," "pending," "plans," "believes," "will" and words of similar substance, or the negative of those words, used in connection with any discussion of future operations or financial performance identify forward-looking statements. In particular, statements regarding expectations and opportunities, new product expectations and capabilities, projections, statements regarding future events, and our outlook regarding our performance and growth are forward-looking statements. These forward-looking statements, including, that the company will continue to support its dealer and OEM customers by delivering high-quality matches that better engage both buyer and seller alike, are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Actual outcomes and results may differ materially from what is expressed in, or implied by, these forward-looking statements. AutoWeb undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Among the important factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements are changes in general economic conditions; the financial condition of automobile manufacturers and dealers; disruptions in automobile production; changes in fuel prices; the economic impact of terrorist attacks, political revolutions or military actions; failure of our internet security measures; dealer attrition; pressure on dealer fees; increased or unexpected competition; the failure of new products and services to meet expectations; failure to retain key employees or attract and integrate new employees; the economic impact of epidemics or pandemics; actual costs and expenses exceeding charges taken by AutoWeb; changes in laws and regulations; costs of legal matters, including, defending lawsuits and undertaking investigations and related matters; and other matters disclosed in AutoWeb's filings with the Securities and Exchange Commission. Investors are strongly encouraged to review the company's Annual Report on Form 10-K for the year ended December 31, 2019 and other filings with the Securities and Exchange Commission for a discussion of risks and uncertainties that could affect the business, operating results or financial condition of AutoWeb and the market price of the company's stock.

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AUTOWEB, INC. RECONCILIATION OF ADJUSTED EBITDA (Amounts in thousands)

	For the Month Ended July 31, 2020	For the Month Ended July 31, 2019
Net loss	\$ (74) \$ (1,055
Depreciation and amortization	236	573
Interest income	(21) (8
Interest expense	86	90
Other income (expense)	10	2
Federal, state and local taxes	18	(13
Non-cash stock compensation expense	167	189
Adjusted EBITDA	\$ 422	\$ (222



Source: AutoWeb, Inc.