Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

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The following risk factors should be considered carefully, together with all other information contained in this report, including " Selected Financial Data, " " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and our financial statements and related notes, when evaluating our business and any forward- looking statements or other statements we or our representatives make from time to time. Any of the following risks could materially and adversely affect our business, results of operations, financial condition and the actual outcome of matters as to which statements are made. The risks and uncertainties described in this report are not the only ones we face. Other risks or uncertainties, which are not currently known to us or that we believe are immaterial, also may adversely affect our business, operating results ~~,~~ and financial condition. Risks Related to Our Business Our business is subject to risks related to the larger automotive ecosystem, including consumer demand, direct- to- consumer sales models ~~,~~ and other macroeconomic issues **. Substantially all of our revenue is generated from subscription products offered to automotive dealers, OEMs and other customers in or adjacent to the automotive industry. Our business may be negatively affected during times of low automobile sales, low dealer inventory due to production shortages or delays and high unemployment** . A number of economic and market conditions drive changes in automobile sales, including disruptions in the new automobile supply chain, the availability and prices of new and used automobiles, **unemployment** levels ~~of unemployment~~ and inflation, availability of affordable financing, fluctuations in the cost of fuel, consumer confidence and demand for vehicles, **government shutdowns,** political unrest or uncertainty, the occurrence of contagious disease or illness, ~~including COVID- 19,~~ barriers to trade **, new OEM entrants into markets** and other global economic conditions. Decreases in consumer demand could adversely affect the market for automobile purchases and, as a result, reduce the number of consumers using our platform. Consumer purchases of new and used automobiles generally decline during recessionary periods and other periods in which disposable income is adversely affected. Purchases of new and used automobiles ~~are typically discretionary for consumers and have been, and~~ may continue to be, affected by negative trends in the economy, including an economic recession or downturn, increases in the cost of energy and gasoline, the availability and cost of credit, reductions in business and consumer confidence, stock market volatility, rising interest rates, inflation, tariffs, health or similar issues, such as pandemic or epidemic ~~,~~ and increased unemployment. An increase in interest rates can have a significant impact on automobile purchases and affordability due to the direct relationship between interest rates and monthly loan payments, a critical factor for many consumers ~~,~~ and the impact interest rates have on consumers' borrowing capacity and disposable income. Interest rates could negatively affect the number of vehicles purchased by consumers ~~,~~ and any reduction in purchases could adversely affect dealers and OEMs and lead to a reduction in spending on our solutions. Further, if OEMs continue to transition to e- commerce and direct- to- consumer sales models to grow their market penetration, consumer demand for our platform could be materially affected with ~~users~~ **consumers** shifting from our platform to an OEM- based platform. In addition, a ~~decline~~ **decrease** in market demand **caused by** ~~due to a shift to~~ remote and virtual work and **longer** ~~the use of ride sharing vehicles~~ - **vehicle ownership** could ~~erode~~ **impact the** demand for new and used automobiles. A reduction in the number of automobiles purchased by consumers could adversely affect automobile dealers and car manufacturers and consequently lead to reduced spending on our digital marketing services and solution offerings. Further, OEM production shortages, supply chain disruptions and inventory shortfalls could adversely impact automobile dealers and also reduce spending on our digital marketing services and solution offerings. Though our current customer bases, revenue sources and operations are substantially limited to the United States **and Canada** , our business may be negatively affected by challenges in the global automotive ecosystem and other macroeconomic issues **. To the extent a weakened economy impacts our customers' ability or willingness to pay for our services or our vendors' ability to provide services to us, our operations, liquidity and financial condition could be negatively impacted. As a result, in order to respond to changes in our revenue, we may be required to implement expense- reduction measures or amend our debt instruments in the future, which could further adversely impact our operations, liquidity and financial condition** . Market acceptance of and influence over certain of our products and services is concentrated with a limited number of automobile OEMs and dealership associations ~~,~~ and we may not be able to maintain or grow these relationships. Although the automotive retail industry is fragmented, a relatively small number of OEMs, dealership associations ~~,~~ and their program administrators exert significant influence over the market acceptance of certain automotive products and services due to their concentrated purchasing activity, the visibility of their endorsement or recommendation of specific products and services, their provision of co- operative advertising money to dealers ~~,~~ and their ability to define technical standards and certifications and marketing guidelines. For example, many of our website solutions are provided pursuant to OEM- designated endorsements or preferred vendor programs. While automotive dealers are generally free to purchase the solutions of their choosing, if an OEM has endorsed or certified a provider of products or services to its associated franchised dealers and if our solutions lack such certification or endorsement, adoption or retention of our products and services could be materially impaired **. In addition, instead of using Cars Commerce solutions, OEMs may begin to require that consumers and dealerships use OEM- created solutions which could also materially reduce the adoption or retention of our products and services** . Dealer closures or consolidation among dealers or OEMs could reduce demand for, and negatively affect the pricing of, our marketing and solutions offerings, thereby leading to decreased earnings. When dealers consolidate, the services they previously purchased separately are often purchased by the combined entity in a lesser quantity than before, leading to volume compression and loss of revenue across the automotive marketplace sector. In the past, dealers were more likely to close or consolidate when conditions in the automotive industry and / or general economic conditions were poor. Despite our market position, consolidation or closures of automobile dealers could reduce the aggregate demand for our services in the future and limit the amounts we earn from our solutions. In addition, advertising purchased by OEMs accounts for a meaningful portion of our revenue. There are a limited number of OEMs, and financial difficulties or consolidation among OEMs could similarly lead to volume compression and loss of revenue. Our business depends on our strong brand recognition, and any failure to maintain, protect and enhance our brands could hurt our ability to retain or expand our base of consumers, dealers and ~~advertisers~~ **customers**, and our ability to increase the frequency with which consumers, dealers and ~~advertisers~~ **customers** use our services. We believe that maintaining and increasing the strong recognition of the ~~CARS~~ **Cars Commerce** ~~brand~~ **brands , including Cars. com,** is critical to our future success. Our brand drives traffic to our websites and applications. Our brand attracts a large base of in- market car shoppers by offering credible and easy- to- understand information from **other** consumers and experts ~~and~~ **regarding** new and used vehicle listings. In addition, OEMs, dealers and other ~~advertisers~~ **customers** rely on our innovative digital marketing services and solution offerings to drive results in their businesses. To grow our business, we must maintain, protect and enhance our brands. Otherwise, we may be unable to expand our base of consumers ~~,~~ **and** customers ~~and advertisers~~, or increase the frequency with which such constituents use or purchase our solutions. Expanding the business will depend, in part, on our ability to maintain the trust that consumers ~~,~~ **and** customers ~~and advertisers~~ place in our solutions and services and the quality and integrity of the listings and other content found on the ~~CARS~~ **Cars. com** sites and mobile applications. **There is no guarantee that we can maintain or enhance our brands, and failure to do so would harm our business growth prospects and operating results.** In addition, ~~any~~ **complaints or** negative publicity about ~~us~~ **our business practices and culture**, including our solutions, technologies, sales practices, ~~personnel~~ **management team, employees,** ~~or~~ **our marketing and advertising campaigns, our compliance with applicable laws and regulations, the integrity of the data that we provide to consumers, data privacy and security issues, third- party content and conduct on websites,** customer service ~~,~~ **and other aspects of our business** could diminish confidence in and the use of our services. If we experience negative publicity, or if consumers perceive that content on the ~~CARS~~ **Cars. com** sites or mobile applications is not reliable, our reputation, the value of our brands and traffic to our sites and mobile applications could decline. **Our increased** ~~The COVID- 19 pandemic and related restrictions have materially and adversely affected, and could continue to materially and adversely affect, our business, financial condition, liquidity and results of~~ operations ~~. Since March 2020, the COVID- 19 pandemic and the measures implemented by governmental authorities around the country to contain the virus have adversely affected businesses, economies and financial markets worldwide, and have caused significant volatility~~ in **Canada involve risks that may** ~~U. S. and international debt and equity markets. To varying degrees and at different~~ --- **differ from** ~~points over the past three years~~ , ~~the COVID- 19 pandemic has adversely affected, and may continue to adversely affect our~~ - **or** ~~business, financial condition, liquidity and operating results. To the extent to which the COVID- 19 pandemic ultimately impacts our business depends on future developments, which~~ are ~~highly uncertain and cannot be predicted, such as the severity and duration of the pandemic, the continued transmission of the virus, further actions taken by federal, state, and local governments and third parties~~ in ~~response~~ **addition** to ~~the pandemic~~ , ~~the effectiveness of actions taken to contain the virus, the emergence of new variant strains, and the availability and effectiveness of vaccines. Future epidemics, pandemics, and other outbreaks could also adversely affect~~ our ~~business, results of~~ **domestic operational risks. Increasing our** operations ~~, and financial condition. Substantially all of our revenue is generated from subscription services offered to automotive dealers and our national advertising offerings to OEMs and other advertisers~~ in **Canada** ~~or adjacent to the automotive industry and our business may be negatively affected during times of low automobile sales~~ , **including** ~~low dealer inventory due to production shortages or delays and high unemployment. To the extent a weakened economy impacts our customers' ability or willingness to pay for our services or our vendors' ability to provide services to us, our operations, liquidity and financial condition could be negatively impacted. As a result, in order to respond to changes in our revenue, we may be required to implement expense- reduction measures or amend our debt instruments in the future, which could further adversely impact our operations, liquidity and financial condition. Although the initial impact from the COVID- 19 pandemic to our business has stabilized, we may continue to experience adverse effects to our business~~ as a result of **our recent stock acquisition of D2C Media Inc. (" D2C Media"), may subject us to different risks or increase our exposure in connection with current risks, including risks associated with local consumer behavior; increased competition from local providers; and compliance with applicable foreign laws and regulations, including different data privacy, employment, commercial and liability standards and regulations and intellectual property laws. Additionally, Cars Commerce is exposed to foreign currency risk, primarily from** its ~~economic~~ **investments in its subsidiaries that operate in Canada. Our ability to successfully operate in Canada requires significant resources, given the different languages, cultures, legal systems and commercial infrastructures. Increased operations in Canada involve risks that could** impact ~~, including an economic recession or~~ **our operations** ~~downturn, the impact of such a recession or downturn on unemployment levels, consumer confidence, levels of personal discretionary spending, credit availability, the availability~~ and ~~cost to access the capital markets and the effect~~ **affect** ~~on~~ **our business and potential growth. For example, our competitors may be more established** ~~our~~ - **or otherwise better positioned than we are to succeed in Canada and have well established customer relationships, which would make it difficult to attract** customers ~~' demand for and ability~~ to ~~pay for~~ our ~~services~~ **solutions**. We rely in part on Internet search engines and mobile application stores to drive traffic to the ~~CARS sites~~ **Cars. com properties** and increase downloads of our mobile applications. If the ~~CARS sites~~ **Cars. com properties** and mobile applications fail to appear prominently in these search results, traffic to the ~~CARS sites~~ **Cars. com properties** and mobile applications would decline and our business, results of operations or financial condition may be materially and adversely affected. We depend, in part, on Internet search engines such as Google to drive traffic to the ~~CARS~~ **Cars Commerce** sites. For example, when a ~~user~~ **consumer** searches for the make and model of a specific automobile or a generic phrase, such as " automobile prices, " using an Internet search engine, we rely on a high organic search ranking of the ~~CARS~~ **Cars Commerce** sites in these search results to drive consumer traffic. However, our ability to maintain these high search result rankings is not fully within our control. For example, our competitors' search engine optimization efforts may result in their websites receiving a higher search result page ranking than us, or Internet search engines could revise their methodologies in a way that would adversely affect our search result rankings. In addition, Internet search engines **, or new technologies, such as artificial intelligence platforms,** could provide automobile dealer and pricing information directly in search results or choose to align with our competitors or develop competing services. ~~The CARS~~ **Cars Commerce** sites have experienced both positive and negative fluctuations in search result rankings in the past, and it is anticipated that similar fluctuations will occur in the future. **We also** ~~Additionally, we~~ depend in part on mobile application download stores such as the Apple App Store and Google Play to direct consumers to download ~~CARS'~~ **Cars Commerce' s** mobile applications. When a mobile device user searches in a mobile application store for " car buying app " or a similar phrase, we rely on both a high search ranking and consumer brand awareness to drive consumers to select and download ~~CARS'~~ **Cars Commerce' s** mobile applications instead of those of our competitors. However, our ability to maintain high, non- paid search result rankings in mobile application stores is not fully within our control. Our competitors' mobile application store search optimization efforts may result in their mobile applications receiving a higher result ranking than that of Cars **Commerce** ~~. com~~ , or mobile application download stores could revise their methodologies in a way that would adversely affect our search result rankings. **Additionally, new technologies, such as artificial intelligence could affect how search results are ranked, or whether our search results appear at all, despite our search optimization efforts. Consumer transition to such new technologies could adversely affect our search results or traffic to our mobile applications.** If Internet search engines or mobile application download stores modify their search algorithms **, or if new developments in technology continue to evolve, such as generative artificial intelligence, in each case,** in ways that negatively impact traffic to the ~~CARS~~ **Cars Commerce** sites or ~~CARS~~ **Cars. com** mobile applications, or if the search engine or mobile application store optimization efforts of our competitors are more successful than our own efforts, overall growth in our ~~user~~ **consumer** base could slow or the ~~user~~ **consumer** base could decline. We rely on in- house content creation and development to drive organic traffic to the ~~CARS sites~~ **Cars. com properties** and mobile applications. We rely on our in- house editorial content team to continually develop content that is useful and of interest to consumers to drive organic traffic to the ~~CARS sites~~ **Cars. com properties** and mobile applications. Our editorial content team tests, reviews and photographs a large number of different car makes and models every year to support our creation of independent and unbiased automotive industry coverage. Our internally developed content focuses primarily on consumer automotive purchasing, ownership advice and analysis of ownership trends. If we are unable to continue to develop our in- house content, we may be required to rely more heavily on third- party content providers, which could lead to less distinctive content on our sites and increased operating costs, including increased traffic acquisition costs. **If** ~~Additionally, if~~ we are unable to continue providing the same level of high- quality, unique consumer content, organic traffic across ~~the CARS sites~~ **Cars. com properties** and mobile applications could decrease. Such a decrease may lead to dealers receiving fewer indications of consumer interest through leads generated by the **Cars. com marketplace** ~~CARS sites and mobile applications~~ and recognizing less value for their digital advertising spend. As a result, dealers may decide not to continue to list their vehicles on the **Cars. com marketplace** ~~CARS sites and mobile applications~~ . Similarly, decreased organic traffic due to a reduction in unique content may cause national ~~advertisers~~ **customers** such as OEMs to shift their digital advertising spend to sites with higher traffic. Further, decreased traffic from in- house content could result in increased spend in paid channels, which would result in higher sales and marketing expenses **. Further, the increased adoption of generative artificial intelligence for content creation may impact how consumers value of our editorial content and their need for our marketing services** . Any of the foregoing could materially and adversely affect our business, results of operations or financial condition. Certain of our third- party service providers are highly regulated financial institutions, and the federal and state laws related to financial services could have a direct or indirect materially adverse effect on our business. In November 2021, we acquired the stock of CreditIQ, Inc. ~~(" fintech ") platform that provides instant online loan screening and approvals to facilitate online car buying.~~ Although we do not provide financial products,we have entered into agreements with partners to provide automobile financing products to our ~~consumers~~ **users** ,including products that may involve a credit application or access to consumer credit scores.Our partners may be subject to extensive federal and state laws and regulations related to the provision of financial services.We cannot guarantee that relevant regulatory authorities or third parties will not take the position that some of the regulations applicable to financial product providers,or to the manner in which such products are advertised or sold,apply to our platforms or business.If our products or services are determined to fall within the scope of those laws or regulations,we or our partners may be required to implement new measures to comply with these laws and regulations,which could be costly,or be required to discontinue or limit the offering of certain products or services in affected jurisdictions.Additionally,if our products or services are determined not to comply with relevant regulatory requirements,we or our partners could be subject to possibly significant civil and criminal penalties,including fines,or the award of significant damages in class action or civil litigation,as well as orders interfering with our ability to continue providing our products and services in certain jurisdictions.Even without a determination that our products or services fall within the scope of these laws or regulations,if any of our current or prospective partners is uncertain about the applicability of those laws and regulations to our business,the partners may terminate their business with us,or we could have difficulty attracting new partners,which would adversely affect our future growth.Any or all of these adverse effects could result in substantial negative publicity,increased regulatory scrutiny,decreased revenues,increased expenses and decreased profitability.Risks Related to Environmental Laws and Climate Change Impacts Our business may be affected by climate change,including physical risks and regulatory changes that may increase our operating costs and impact our ability to deliver services to our customers.Climate change poses both physical and transitional risks to **CARS** ~~Cars Commerce~~ ,which may affect our operations,financial performance **,** and reputation. **CARS** ~~Cars Commerce~~ conducted a climate risk assessment to better understand the types of climate- related risks that are most salient for our business.This assessment reviewed our exposure to these risks as well as the systems in place to manage these risks.During the climate risk assessment,we identified a series of climate- related challenges that may pose material,financial risks to our business operations and financial performance.These include physical risks from extreme weather events such as floods,droughts **,** and storms,which can damage our assets and disrupt our operations.Regulatory risks resulting from changes in laws and regulations on climate change may increase our compliance costs and limit our ability to operate.Additionally,transition risks include the shift to a low- carbon economy which may affect the demand for our products and services.Finally,reputational risks also exist related to the increased public scrutiny of our environmental impact and our response to climate change at the enterprise level.Expectations relating to environmental,social and governance considerations expose ~~Cars Commerce~~ **the Company** to potential liabilities,increased costs,reputational harm and other adverse effects on the Company' s business.Many governments,regulators,investors,employees,customers and other stakeholders are increasingly focused on environmental,social and governance considerations relating to ~~our business~~ **businesses** ,including climate change and greenhouse gas (" GHG ") emissions,human capital and diversity,equity and inclusion. ~~Cars Commerce~~ **The Company** makes statements about its environmental,social and governance goals and initiatives through information provided on its website,press releases and other communications.Responding to these environmental,social and governance considerations and implementation of these goals and initiatives involves risks and uncertainties,requires investments,and are impacted by factors that may be outside ~~our~~ **the Company' s** control.In addition,some stakeholders may disagree with ~~Cars Commerce~~ **the Company** ' s goals and initiatives and the focus of stakeholders may change and evolve over time.Stakeholders also may have very different views on where environmental,social and governance focus should be placed,including differing views of regulators in various jurisdictions in which we operate.Any failure,or perceived failure,by the Company to achieve its goals,further its initiatives,adhere to its public statements,comply with federal,state or international environmental,social and governance laws and regulations,or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against ~~Cars Commerce~~ **the Company** and materially adversely affect ~~Cars Commerce~~ **the Company** ' s business,reputation,results of operations,financial condition and stock price.Strategic and Competitive Risks We participate in a highly competitive market,and pressure from existing and new competitors may materially and adversely affect our business,results of operations or financial condition.We face significant competition to attract consumers ~~and~~ **,** customers **,and advertisers** from companies that provide listings,information,lead generation,websites,automotive appraisals,online loan screening and approvals,marketing and car- buying services designed to reach consumers and enable dealers to reach consumers.We also compete with many of our competitors for a share of a car dealer' s overall marketing budget.To the extent that car dealers view alternative ~~solutions~~ **marketing and media strategies** to be superior,we may not be able to maintain or grow the number of dealers in our network.In addition,new competitors may enter the online automotive retail industry with competing products and services.Our competitors could significantly impede our ability to expand our network of dealers and consumer reach.Our competitors may also develop and market new technologies that ~~make~~ **render** our existing or future products and services less competitive,unmarketable or obsolete.In addition,if competitors develop products or services with similar or superior functionality to our solutions,we may need to decrease prices for our solutions to remain competitive.If we are unable to maintain our current pricing structure due to competitive pressures,our revenue may be reduced,and our operating results may be negatively affected.Some of our larger competitors may be better able to respond more quickly with new technologies and to undertake more extensive marketing or promotional campaigns.In addition,to the extent that any of our competitors have existing relationships with dealers or OEMs for marketing or data analytics solutions,those dealers and automobile manufacturers may be unwilling to partner or continue to partner with us.In addition,if any of our competitors were to merge or partner with another of our competitors,the change in the competitive landscape could materially and adversely affect our ability to compete effectively.Our competitors may also establish or strengthen cooperative relationships with our current or future third- party data providers,technology partners,or other parties with whom we have relationships,thereby limiting our ability to develop,improve and promote our solutions.We may not be able to compete successfully against current or future competitors,and competitive pressures may materially and adversely affect our business,results of operations or financial condition.We compete with other consumer automotive websites and mobile applications and other digital content providers for share of automotive- related digital display advertising spending and may be unable to maintain or grow our base of advertising customers or increase our revenue from existing ~~customers~~ **advertisers** .Although the shift in advertising spending away from traditional advertising methods to digital advertising methods provides greater opportunity for us,competition to capture share of the total digital automotive advertising spend has increased and may continue to increase due to the attractive projected growth of digital automotive advertising spend,low barriers to entry in the online automotive ~~marketplace~~ **classifieds** and related digital automotive advertising markets.We may face significant challenges in convincing our advertising customers,including national ~~customers~~ **advertisers** and OEMs,to expand their advertising on our sites and mobile applications in the face of growing competition,which could hurt our ability to grow our third- party advertising revenue.For example,there are a limited number of OEMs,most of which already advertise on our sites.To grow our advertising revenue from these OEMs,we may need to capture a greater portion of such OEMs' digital advertising budgets.In addition,if we experience a significant decrease in advertising spending by OEMs or other national ~~customers~~ **advertisers** for any reason,our revenue will decrease and our business,results of operations or financial condition may be materially and adversely affected.If we do not adapt to automated buying strategies,our display advertising revenue could be adversely affected.The majority of the ~~OEM~~ display advertising purchased by our national,regional and related ~~customers~~ **advertisers** (e.g.,insurance **advertisers** and finance ~~customers~~ **advertisers**) is still done manually via insertion orders.However, ~~customers~~ **recently advertisers** have ~~recently~~ shifted away from buying media directly from premium publishers and increasingly ~~are~~ buying their target audiences via the ad exchanges across the broader Internet.While we have grown our programmatic revenue,are developing new programmatic ad products,and are redesigning our ad delivery technology stack,we may not adapt quickly enough and may lose display advertising revenue as a result.Due to the concentrated number of ~~OEM and~~ national ~~customers~~ **advertisers** ,our ~~OEM and~~ national advertising business can be materially impacted by shifts in media strategy,marketing strategies,agency changes **,** and ~~our customer' s~~ financial results **of our clients** .These changes may occur independent of the products and value we are providing to those ~~customers~~ **advertisers** .In addition,the increasing use of ad blockers may reduce the quantity or types of display ads and ~~the shift away from the use of third- party~~ cookies ~~may impact the information~~ collected ~~for advertisements~~ **to serve ads** .We may face difficulties in developing and launching new solution offerings or growing our complementary offerings that help automotive brands and dealers create enduring customer relationships.We continue to expand,enhance and improve the nature and scope of our ~~solutions~~ - **solution** offerings ~~to enter into complementary markets~~ and have expanded to incorporate digital solutions that use social,mobile and web- based technologies **,and to enter into complementary markets** .Our ability to effectively offer a wide range of business solutions depends on our ability to attract existing or new ~~customers~~ **clients** to our new **service** offerings.The market for solutions is highly competitive.We cannot be certain that our new **service** offerings will effectively meet **client** ~~our customer' s~~ needs or that we will be able to attract ~~customers~~ **clients** to these service offerings.The inherent difficulty of developing or implementing new ~~solution~~ **service** offerings and significant competition in the markets for these ~~solutions~~ **services** may affect our ability to market these services successfully.Our growth strategy will also increase demands on our management,operational and financial information systems and other resources.To accommodate our growth,we will need to continue to implement operational and financial information systems and controls,and ~~increase~~ **expand** ,train,manage and motivate our employees.Our ~~workforce~~ **personnel** ,information systems,procedures or controls may not adequately support our growth strategy or our operations in the future.Failure to retain strong management,implement operational and financial information systems and controls,or expand,train,manage or motivate our workforce,could lead to delays in developing and achieving expected operating results for these new offerings.Strategic acquisitions,investments and partnerships could pose various risks,including integration risks,increase our leverage,dilute existing stockholders and significantly impact our ability to expand our overall profitability.One of our key operating strategies is to pursue targeted acquisitions that enhance our platform strategy.These acquisitions involve inherent risks,such as potentially increasing leverage and debt service requirements and combining company cultures and facilities,which could have a material and adverse effect on our business,results of operations or financial condition and could strain our human capital resources.We may also be unable to successfully implement effective cost controls or achieve expected synergies as a result of an acquisition.Acquisitions may result in our assumption of unexpected liabilities,the integration of separate organizations,the unanticipated incompatibility of systems and operating methods,negative impacts on employee morale and performance as a result of job changes and reassignments,unforeseen difficulties in operating businesses we have not operated before and the diversion of management' s attention from the operation of our core business.Acquisitions may also result in greater exposure to the industry risks of the businesses underlying the acquisition and possible tax costs and inefficiencies.Strategic investments and partnerships with other companies expose us to the risk that we may not be able to control the operations of our investee or partnership,which could decrease the value of benefits we realize from a particular relationship.We are also exposed to the risk that our partners in strategic investments and infrastructure may encounter financial difficulties that could lead to disruption of investee or partnership activities,or impairment of assets acquired,which could adversely affect future reported results of operations and stockholders' equity.Acquisitions may subject us to new or different regulations or tax consequences which could have an adverse effect on our operations.In addition,we may not be able to successfully integrate acquired businesses,which may result in an inability to realize the anticipated benefits of our acquisitions.In November 2021,we acquired the stock **of CreditIQ,Inc.,a privately held,cutting edge automotive fintech platform that provides instant online loan screening and approvals to facilitate online car buying.** , a privately held, cutting edge automotive fintech platform that provides instant online loan screening and approvals to facilitate online car buying. Although we do not provide financial products...... approvals to facilitate online car buying. In March 2022 **,** we completed the acquisition of certain assets and assumed certain liabilities of **AccuTrade** ~~Accu- Trade~~ , Galves Market Data and MADE Logistics (collectively, " **AccuTrade** ~~Accu- Trade~~ "), which added real- time, VIN- specific appraisal and valuation data, instant guaranteed offer capabilities ~~,~~ and logistics technology to our portfolio of dealer offerings. Continued achievement of our transaction synergies and our ability to grow the **AccuTrade** ~~Accu- Trade~~ and CreditIQ businesses and the revenue associated with it depend on a number of factors, including, but not limited to ~~our ability to~~ : (1) successfully ~~integrate~~ **integrating AccuTrade** ~~Accu- Trade~~ and CreditIQ into the ~~CARS~~ **Cars Commerce** platform and solution offerings, (2) expanding dealer and consumer adoption, (3) securing lenders who will pay for lead generation ~~,~~ and (4) dealers honoring pre-approved loans. If our anticipated transaction synergies do not fully materialize and / or the **AccuTrade** ~~Accu- Trade~~ or CreditIQ businesses fails to continue to grow at the rate we expect, our revenue and business would be harmed **. On November 1, 2023, we acquired D2C Media, a leading automotive technology and digital solutions provider in Canada. As part of the acquisition, we must integrate two previously independently operated businesses. We may have difficulty addressing possible differences in corporate culture, management philosophies, businesses, processes and systems, or inconsistencies in standards, controls, procedures, practices, policies and compensation. Failure to successfully integrate D2C Media could impact the anticipated benefits of the acquisition, result in increased costs or decreases in the amount of expected revenue and could materially adversely affect our business, financial condition and results of operations** . We may also be unable to obtain financing necessary to complete acquisitions on attractive terms or at all. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Future equity financings could also decrease our earnings per share and the benefits derived from such new ventures or acquisitions might not outweigh or exceed their dilutive effect. Any additional debt financing we secure could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital or to pursue business opportunities. Risks Related to Technology The value of our assets or operations may be diminished if our information technology systems fail to perform adequately. Our information technology systems are critically important to operating our business efficiently and effectively. Our brand, reputation and ability to attract consumers and ~~advertisers~~ **customers** depend on the reliability of our technology platforms and the ability to continuously deliver content. Interruptions in our information technology systems, whether due to system failures **, cybersecurity incidents** , computer viruses, physical or digital break- ins, capacity constraints, power outages, local or widespread Internet outages, telecommunication breakdowns or other uncontrollable events, could affect the security or availability of products on our sites or our mobile applications or prevent or inhibit the ability of consumers to access our marketplace, websites or other products. The failure of our information technology systems to perform as anticipated could disrupt our business and result in transaction errors, processing inefficiencies, decreased use of our sites or mobile applications and loss of traffic, customers and revenue. Moreover, we continually upgrade and enhance our technology. The failure to complete an upgrade or enhancement as planned, or an unexpected result of a technology upgrade, could affect the security or availability of our products and services and could lead to loss of traffic, customers and revenue. Our business is dependent on keeping pace with advances in technology. If we are unable to keep pace with advances in technology, consumers **and customers** may stop using our services and our revenue may decrease. The Internet and electronic commerce are characterized by rapid technological change, changes in ~~user~~ **consumer** and customer requirements and expectations, frequent new service and product introductions incorporating new technologies, including mobile applications, **generative AI** and the emergence of new industry standards and practices that could render our existing sites, mobile applications and technology obsolete. These market characteristics are intensified by the emerging nature of the market and the fact that many companies are expected to introduce new Internet products and services in the near future. If we are unable to adapt to changing technologies, our business, results of operations or financial condition may be materially and adversely affected. We rely on third- party service providers for many aspects of our business, including inventory information and sales of our product through social media, and interruptions in the services or data they provide or any failure to maintain these relationships could harm our business. Our business relies on the collection, use and analysis of third- party data, including large amounts of inventory, vehicle and consumer information, and integrations with third- party systems, such as inventory management systems, customer relationship management systems and dealer management systems, for the benefit of our car buying consumers ~~,~~ **and** customers ~~and advertisers~~ . We use information about automobiles, inventory, ownership history and pricing from third parties, including OEMs, dealers and others, in various aspects of our business. We also partner with social media platforms, such as Facebook and Instagram, to leverage our valuable audience data to serve native advertisements and display real- time inventory for both dealers and OEMs to in- market car shoppers. If the third parties are unable or unwilling to provide data or services, restrict our use of data, experience difficulty meeting our requirements or standards, or revoke or fail to renew our licenses or partnerships, we could have difficulty operating key aspects of our business. In addition, if these third- party service providers were to cease operations, temporarily or permanently, face financial distress or other business disruption or increase their fees, or if our relationship with these providers were to deteriorate, we could suffer increased costs and delays in our ability to provide our products to consumers and customers until a comparable provider is identified or until we develop replacement technology or operations. We rely on third- party services to track and calculate certain of our key metrics, including unique visitors and traffic and any errors or interruptions in the services or data they provide or any failure to maintain these relationships could harm our business. Certain of our key metrics, such as the number of our unique visitors and our traffic, are measured with third- party tools. While these numbers are based on what we believe to be reasonable calculations for the applicable periods of measurement, measurement methodologies exhibit a level of accuracy risk because of a variety of factors. For example, we have discovered that portions of our traffic have been attributable to non-human traffic. Because this non- human traffic generally exhibits detectable anomalous patterns, our reported traffic metrics for impacted periods reflects an adjustment to remove non- human traffic. We expect to continue to make similar adjustments in the future if we determine that our traffic metrics are materially impacted by invalid traffic. There are also inherent challenges in measuring usage across our large ~~user~~ **consumer** base. For example, because these metrics are based on ~~users~~ **consumers** with unique cookies, an individual who accesses our website from multiple devices with different cookies may be counted as multiple unique visitors, and multiple individuals who access our website from a shared device with a single cookie may be counted as a single unique visitor. In addition, although we use technology designed to block low quality traffic, we may not be able to prevent all such traffic, and such technology may have the effect of blocking some valid traffic. Further, ~~users~~ **consumers** may have the ability to change privacy settings and opt- out of certain features, which could reduce the quality of data we receive. For these and other reasons, our traffic and unique visitor metrics may not accurately reflect the number of people actually using our platform. Our measures of traffic and other key metrics may differ from estimates published by third parties (other than those whose data we use to calculate our key metrics) or from similar metrics of our competitors. We continually seek to improve our ability to measure these key metrics, and regularly review our processes to assess potential improvements to their accuracy. However, the improvement of our tools and methodologies could cause inconsistency between current data and previously reported data. Additionally, as both the industry in which we operate and our business continue to evolve, so too might the metrics by which we evaluate our business. We may revise or cease reporting metrics if we determine such metrics are no longer accurate or appropriate measures of our performance. If our audience, customers and stockholders do not perceive our metrics to be accurate representations, or if we discover material inaccuracies in our metrics, our reputation may be harmed. Risks Related to Data Privacy and Security We rely on technology systems' availability and ability to prevent unauthorized access. If our security and resiliency measures fail to prevent incidents, it could result in damage to our reputation, incur costs and create liabilities. Like other technology- based businesses, our ~~solutions~~ **platform** may be subject to attacks from computer viruses, break- ins, phishing attacks, ransomware attacks, unauthorized use, attempts to overload services with denial-of- service and other attacks. Any attack or disruption could negatively impact our ability to attract new consumers, dealers or ~~advertisers~~ **customers** and could deter current consumers, dealers or ~~advertisers~~ **customers** from using our solutions, or subject us to lawsuits, regulatory fines or other action or liability. • Availability: We rely on technology systems' availability to deliver services to consumers, dealers, OEMs, employees and partners. If we experience a disruption that results in performance or availability degradation, up to and including the complete shutdown of our sites or mobile applications, revenue could be impacted and consumers, dealers or ~~advertisers~~ **customers** may lose trust and confidence in us, decrease their use of our solutions or stop using our solutions entirely. • Data Protection (Consumers / Dealers / OEMs): We ~~collect,~~ process, store, share ~~,~~ **and** disclose **certain** ~~and use~~ limited personal information and other data provided by consumers, dealers and OEMs, **including** ~~and sometimes that data includes~~ names, addresses and certain location information used in geo- fencing. Failure to protect **consumer or** customer data or to provide **consumers or** customers with appropriate notice of our privacy practices, could ~~subject us to~~ **negatively impact our reputation and competitive position, and could result in litigation with third parties, and** liabilities imposed by U. S. federal and state regulatory agencies or courts. In addition, we could be subject to evolving laws and regulatory standards that impose data use obligations, data breach notification requirements, specific data security obligations, restrictions on solicitation or other consumer privacy- related requirements. • Data Protection (Internal): We **process** ~~develop, create~~ and ~~acquire internal~~ **store company** information that may be considered sensitive or valuable intellectual property in the normal operations of human resources, finance, legal, marketing, software development, product management, mergers and acquisitions and other business functions. Failure to protect sensitive ~~internal~~ **company** information or intellectual property may result in loss of competitive advantage, reputation damage, direct and indirect costs and other liabilities. Failure to protect material financial information including financial performance and merger and acquisition data could also subject us to liabilities imposed by U. S. federal and state regulatory agencies or courts. We rely on, among other security measures, firewalls, anti- malware, intrusion prevention systems, distributed denial- of- service mitigation services, web content filtering, encryption and authentication technology licensed from third parties. We also depend on the security of our networks and partially on the security of our third- party service providers. Although we believe that our resiliency planning and security controls are appropriate to our exposures to system outages, service interruptions, security incidents and breaches, there is no guarantee that these plans and controls will prevent all such incidents. Techniques used to disable or degrade service or gain unauthorized access to systems or data change frequently and may not be recognized until damage is detected. We maintain cyber risk insurance, but this insurance may not be sufficient to cover all losses from any future disruption, security incident or breach **. Despite our resiliency planning and security controls, if our technology systems, or those of our third- party providers, are damaged, breached, interrupted, or cease to function properly for any reason, and, if our resiliency planning and security controls do not effectively resolve the incident on a timely basis, we may suffer interruptions in our ability to manage or conduct business and we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, which may materially and adversely impact our business, financial condition, or results of operations. If the use of third- party cookies or other tracking technologies is rejected by Internet browsers or service providers or users, restricted, blocked, or subject to unfavorable laws or regulations, the amount of Internet user information would decrease, which may harm our business and operating results. Digital advertising relies on the ability to uniquely identify devices across websites and applications and to collect data about user interactions to attribute. We use unique identifiers stored in third- party cookies provided by device operating systems for advertising purposes, including off- site marketing, tracking consumer actions on customers' websites, providing relevant ads, optimizing and measuring the effectiveness of advertising on our platform, and communicating with or understanding the identity of consumers. We provide consumers the ability to adjust their settings with respect to the use and deployment of third- party cookies on their devices. The most commonly used Internet browsers — Chrome, Firefox, Internet Explorer and Safari — allow Internet users to modify their browser settings to block third- party cookies. Additionally, some browsers currently, or may in the future, block or limit some third- party cookies by default or may implement user control settings that block or limit some cookies. For example, Google, the owner of the Chrome browser, has introduced new controls over third- party cookies and announced plans to discontinue support of third- party cookies and to develop alternative methods and mechanisms for tracking consumers. Some Internet users also download free or paid ad- blocking software that prevents third- party cookies from being stored on a user' s computer. Mobile devices using Android and iOS operating systems limit the ability of cookies, or similar technology, to track consumers while they are using applications other than their web browser on the device. In addition, state, federal and international governmental authorities continue to evaluate the privacy implications inherent in the use of cookies and other tracking technologies and have enacted or are considering enacting laws or regulations that could significantly restrict the ability of companies to use third- party cookies and other online tracking technologies. Increased restriction of the use of third- party cookies and other tracking technologies and any decline of cookies or similar online tracking technologies as a means to identify and potentially target users, could limit our ability to effectively retain existing customers or acquire new customers, reduce the efficacy of our off- site marketing solutions and consequently, materially adversely affect our business, financial condition and operating results** . Our ability to attract and retain customers depends on our ability to collect and use data and develop tools to enable us to effectively deliver and accurately measure advertisements on our platform. Most customers rely on tools that measure the effectiveness of their ad campaigns in order to allocate their advertising spend among various formats and platforms. If we are unable to measure the effectiveness of advertising on our platform or are unable to convince customers that our platform should be part of a larger advertising budget, our ability to increase the demand and pricing of our advertising products and maintain or scale our revenue may be limited. Our tools may be less developed than those of other platforms with which we compete for advertising spend. Therefore, our ability to develop and offer tools that accurately measure the effectiveness of a campaign on our platform is critical to our ability to attract new customers and retain and increase spend from our existing customers. We are continually developing and improving these tools and such efforts have required and are likely to continue to require significant time and resources and additional investment, and in some cases **,** we have relied on and may in the future rely on third parties to provide data and technology needed to provide certain measurement data to our customers. If we cannot continue to develop and improve our advertising tools in a timely fashion, those tools are unreliable, or the measurement results are inconsistent with ~~advertiser~~ **customer** goals, our advertising revenue could be adversely affected ~~. In addition, web and mobile browser developers, such as Apple, Microsoft or Google, have implemented and may continue to implement changes that include requiring additional user permissions in their browser or device operating system that impair our ability to measure and improve the effectiveness of advertising on our platform. Such changes include, limiting the use of first- party and third- party cookies and related tracking technologies, such as mobile advertising identifiers, and other changes that limit our ability to collect information which allows us to attribute user actions on customers' websites to the effectiveness of advertising campaigns that are run on our platform or may limit our ability to communicate with or understand the identity of our consumers. For example, Apple launched its Intelligent Tracking Prevention (" ITP ") feature in its Safari browser. ITP blocks some or all third- party cookies by default on mobile and desktop devices and ITP has become increasingly restrictive over time. Apple' s related Privacy- Preserving Ad Click attribution (PPAC), intended to preserve some of the functionality lost with ITP, would limit cross- site and cross- device attribution, prevent measurement outside a narrowly- defined attribution window, and prevent ad re- targeting and optimization. Similarly, in January 2020, Google announced plans to phase out third- party cookies on Chrome, the most- used desktop browser, in 2022. In July 2022, Google announced that these plans would be delayed until 2024 as Google continues to work to identify new technologies to replace third- party cookies. Other web browsers have begun implementing certain cookie- blocking measures. Further, in April 2021, Apple released a new iOS functionality called App Tracking Transparency that limits the ability of mobile applications to request an iOS device' s advertising identifier and may also affect our ability to track user actions off our platform and connect their interactions with on- platform advertising. The shift to a " cookieless " future is changing how we market and engage with our consumers and future changes and restrictions in browser or device functionality that limit the use of cookies, or that limit our ability to communicate with or understand the identity of our consumers. These restrictions make it more difficult for us to provide the most relevant ads to our consumers, measure the effectiveness of and re- target and optimize advertising on our platform~~ . Developers may release additional technology that further inhibits our ability to collect data that allows us to measure the effectiveness of advertising on our platform. Any other restriction, whether by law, regulation, policy (including third- party policies) or otherwise, on our ability to collect and share data which our customers find useful, our ability to use or benefit from tracking and measurement technologies, including cookies, or that further reduce our ability to measure the effectiveness of advertising on our platform would impede our ability to attract, grow and retain customers. Customers and other third parties who provide data that helps us deliver personalized, relevant advertising may restrict or stop sharing this data. If they stop sharing this data with us, it may not be possible for us to collect this data within the product or from another source. We rely heavily on our ability to collect and share data and metrics for our customers to help new and existing customers understand the performance of advertising campaigns. If customers do not perceive our metrics to be accurate representations of our ~~user~~ **consumer** base and ~~user~~ **consumer** engagement or if we discover inaccuracies in our metrics, they may be less willing to allocate their budgets or resources to our platform, which could harm our business, revenue and financial results. Uncertainty exists in the application and interpretation of various laws and regulations related to our business, including privacy laws. New privacy concerns or laws or regulations applicable to our business, or the expansion or interpretation of existing laws and regulations that apply to our business, could reduce the effectiveness of our offerings or subject us to use restrictions, licensing requirements, claims, judgments and remedies including sales and use taxes, other monetary liabilities and limitations on our business practices, and could increase administrative costs. We operate in a regulatory climate in which there is uncertainty as to the applicability of various laws and regulations related to our business. Our business could be significantly affected by different interpretations or applications of existing laws or regulations, future laws or regulations, including changes to the corporate tax rate or actions or rulings by judicial or regulatory authorities ~~. For example, the Inflation Reduction Act of 2022 (the " IRA ") introduced a 15 % alternative minimum tax on the " adjusted financial statement income " of certain large corporations and a 1 % excise tax on certain actual and deemed stock repurchases, both of which become effective in 2023. We do not expect to be an applicable corporation that is subject to the alternative minimum tax, however we expect to be a covered corporation that could be subject to the 1 % excise tax~~ . Our operations may be subject to adoption, expansion or interpretation of various laws and regulations, and compliance with these laws and regulations may require us to obtain licenses at an undeterminable and possibly significant expense. Similarly, state tax authorities could take aggressive positions as to whether certain of our products are subject to sales and use taxes, leading to increased tax exposure. These additional expenditures may materially and adversely affect our future results of operations, whether directly through increasing future overhead or indirectly by forcing us to pass on these additional costs to our customers, making our solutions less competitive. There can be no assurances that future laws or regulations or interpretations or expansions of existing laws or regulations will not impose requirements on Internet commerce that could substantially impair the growth of e- commerce and adversely affect our business, results of operations or financial condition. The adoption of additional laws or regulations may decrease the efficacy of our offerings, restrict our present business practices, require us to implement costly compliance procedures or expose us and / or our customers to potential liability. We may be considered to " operate " or " do business " in states where our customers conduct their businesses, resulting in possible regulatory action. If any state licensing laws were determined to be applicable to us and if we are required to be licensed and are unable to do so or are otherwise unable to comply with laws or regulations, we could be subject to fines or other penalties or be compelled to discontinue operations in those states. If any state' s regulatory requirements impose state- specific requirements on us or include us within an industry- specific regulatory scheme, we may be required to modify our marketing programs in that state in a manner that may undermine such program' s attractiveness to consumers ~~,~~ **or** customers ~~or advertisers~~ . Alternatively, if we determine that the licensing and related requirements are overly burdensome, we may elect to terminate operations in that state. All states comprehensively regulate vehicle sales and lease transactions and include strict licensure requirements for dealers (and, in some states, brokers) and vehicle advertising. We believe that most of these laws and regulations specifically apply only to traditional vehicle purchase and lease transactions, not Internet- based lead referral programs like ours. If we determine that the licensing or other regulatory requirements in a state are applicable to us or to a particular marketing services program, we may elect to obtain the required licenses and comply with applicable regulatory requirements. However, if licensing or other regulatory requirements are overly burdensome, we may elect to terminate operations or particular marketing services programs in that state or elect to not introduce particular marketing services programs in that state. As we introduce new services, we may incur additional costs associated with additional licensing regulations and regulatory requirements. Misappropriation or infringement of our intellectual property and proprietary rights, enforcement actions to protect our intellectual property and claims from third parties relating to intellectual property could materially and adversely affect our business, results of operations or financial condition. Litigation regarding intellectual property rights is common in the Internet and technology industries. We expect that Internet technologies and software products and services may be increasingly subject to third- party infringement claims as the number of competitors in our industry segment grows and the functionality of products in different industry segments overlaps. Our ability to compete depends upon our proprietary systems and technology. While we rely on intellectual property laws, confidentiality agreements and technical measures to protect our proprietary rights, we believe that the technical and creative skills of our personnel, continued development of our proprietary systems and technology, brand name recognition and reliable website maintenance are essential in establishing and maintaining a leadership position and strengthening our brands. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our services or obtain and use information that we regard as proprietary. Policing unauthorized use of our proprietary rights is difficult and may be expensive. We can provide no assurance that the steps we take will prevent misappropriation of technology or that the agreements entered into for that purpose will be enforceable. Effective trademark, service mark, patent, copyright and trade secret protection may not be available when our products and services are made available online. In addition, if litigation becomes necessary to enforce or protect our intellectual property rights or to defend against claims of infringement or invalidity, such litigation, even if successful, could result in substantial costs and diversion of resources and management attention. We also cannot provide any assurance that our products and services do not infringe on the intellectual property rights of third parties. Claims of infringement, even if unsuccessful, could result in substantial costs and diversion of resources and management attention. If unsuccessful, we may be subject to preliminary and permanent injunctive relief and monetary damages, which may be trebled in the case of willful infringements. General Risks **We have a limited history of operating with a virtual first workforce and the long- term impact on our financial results and business operations is uncertain. In July 2023, Cars Commerce announced that we will operate fully remote. However, we have a limited history of operating with a fully remote workforce and, although we anticipate that our shift to a fully- remote work model will have a long- term positive impact on our financial results and business operations, the impact remains uncertain. Additionally, there is no guarantee that we will realize any anticipated benefits to our business, including any cost savings, operational efficiencies, or productivity. Our shift to fully remote work could make it increasingly difficult to manage our business and adequately oversee our employees and business functions, potentially resulting in harm to our company culture, increased employee attrition and the loss of key employees. We may also experience an increased risk of privacy and data security breaches involving our data. Any of these factors could adversely affect our financial condition and operating results.** Our ability to operate effectively could be impaired if we fail to attract and retain our key employees. Our success depends, in part, upon the continuing contributions of our executive officers, particularly our Chief Executive Officer, and other key employees and our continuing ability to attract, develop, motivate and retain highly qualified and skilled ~~personnel~~ **employees** , such as individuals with technical skills in a rapidly changing technological environment. Additionally, as the workforce landscape changes due to the shift to remote and virtual work, we must compete to attract and retain employees. We do not have employment agreements with any of our executive officers or other operational ~~personnel~~ **employees** , and, therefore, they could terminate their employment with us at any time. We do not maintain key person life insurance policies on any of our employees. The loss of the services of any of our key employees or the failure to attract or replace qualified ~~personnel~~ **employees** may have a material and adverse effect on our business. Adverse results from litigation or governmental investigations could impact our business practices and operating results. We face potential liability and expense for legal claims relating to the information that we publish on our sites and mobile applications, including claims for defamation, libel, negligence and copyright or trademark infringement, among others. We may be subject to claims based on the advertising of our business. Although we have not historically been the subject of any such claims that were material, any such claims that we face in the future could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be compelled to remove content or may be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims. If we elect or are compelled to remove valuable content from our sites or mobile applications, our platforms may become less useful to consumers and our traffic may decline. The value of our existing goodwill and intangible assets may become impaired depending upon future operating results. Our goodwill and other intangible assets were approximately $ ~~809~~ **816** . ~~9~~ **2** million as of December 31, ~~2022~~ **2023** , representing approximately ~~79~~ **70** % of our total assets. We evaluate our goodwill and other intangible assets to determine whether all or a portion of their carrying values may no longer be recoverable, in which case a charge to earnings may be necessary. Any future evaluations requiring an asset impairment charge for goodwill or other intangible assets would adversely affect future reported results of operations and stockholders' equity, although such charges would not affect our cash flow. Risks Relating to our Common Stock We cannot assure our stockholders that our share repurchase program will enhance long- term stockholder value and stock repurchases, if any, could increase the volatility of the price of our common stock and will diminish our cash reserves. In February 2022, our Board of Directors authorized a share repurchase program to acquire up to $ 200 **. 0** million of our common stock over a three- year period. Under the share repurchase program, ~~the Company~~ **Cars Commerce** can repurchase shares from time to time in open market transactions or through privately negotiated transactions in accordance with applicable federal securities laws and regulations. The timing and amounts of any purchases under the share repurchase program is dependent upon a variety of factors, including market conditions, price, regulatory requirements and other corporate considerations, as determined by ~~the Company~~ **Cars Commerce** ' s Board of Directors and management. The share repurchase program may be extended, suspended or discontinued at any time. Any purchases under the share repurchase program could affect our stock price and increase its volatility. The existence of a share repurchase program could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. Additionally, repurchases under our share repurchase program will diminish our cash reserves, which could strain our liquidity, could impact our ability to pursue possible future strategic opportunities and acquisitions and could result in lower overall returns on our cash balances. There can be no assurance that any further stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares of stock. Although our share repurchase program is intended to enhance long- term stockholder value, short- term stock price fluctuations could reduce the program' s effectiveness. We do not expect to pay any cash dividends for the foreseeable future. We intend to retain future earnings to finance and grow our business or fund share repurchases. As a result, we do not expect to pay any cash dividends for the foreseeable future. All decisions regarding the payment of dividends will be made by our Board of Directors from time to time in accordance with applicable law. There can be no assurance that we will have sufficient surplus under Delaware law to be able to pay any dividends at any time in the future. Your percentage of ownership in the Company may be diluted in the future. In the future, your percentage ownership in ~~the Company~~ **Cars Commerce** may be diluted because of equity awards that we will be granting to our directors, officers and employees or otherwise as a result of equity issuances for acquisitions or capital market transactions. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. In addition, our Amended and Restated Certificate of Incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock that have such designation, powers, preferences and other relative, participating, optional and special rights, including preferences over our common stock with respect to dividends and distributions, as our Board of Directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock. Certain provisions of our Amended and Restated Certificate of Incorporation, By- laws ~~,~~ and Delaware law may discourage takeovers and limit our ability to use, acquire, or develop certain competing businesses. Our Amended and Restated Certificate of Incorporation and Amended and Restated By- laws contain certain provisions that may discourage, delay or prevent a change in our management or control over ~~the Company~~ **Cars Commerce** . For example, our Amended and Restated Certificate of Incorporation and Amended and Restated By- laws, collectively: • authorize the issuance of preferred stock that could be used by our Board of Directors to thwart a takeover attempt; • provide that vacancies on our Board of Directors, including vacancies resulting from an enlargement of our Board of Directors, may be filled only by a majority vote of directors then in office; • place limits on which stockholders may call special meetings of stockholders, and limit the actions that may be taken at such meeting; • prohibit stockholder action by written consent; and • establish advance notice requirements for nominations of candidates for elections as directors or to bring other business before an annual meeting of our stockholders. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control, even though a majority of stockholders may consider such proposal, if effected, desirable. Such provisions could also make it more difficult for third parties to remove and replace the members of our Board of Directors. Moreover, these provisions may inhibit increases in the trading price of our common stock that may result from takeover attempts or speculation. Our Amended and Restated Certificate of Incorporation designates the state courts of the State of Delaware, or, if no state court located in the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against us and our directors and officers. Our Amended and Restated Certificate of Incorporation provides that, unless our Board of Directors otherwise determines, the state courts of the State of Delaware, or, if no state court located in the State of Delaware has jurisdiction, the federal court for the District of Delaware, will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former directors or officers to us or to our stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty; any action asserting a claim against us or any of our current or former directors or officers arising pursuant to any provision of the Delaware General Corporation Law (the " DGCL ") or our Amended and Restated Certificate of Incorporation or Bylaws; any action asserting a claim relating to or involving us that is governed by the internal affairs doctrine; or any action asserting an " internal corporate claim " as such term is defined in the DGCL. This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with the Company or our current or former directors or officers, which may discourage such lawsuits. Alternatively, if a court outside of Delaware were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions. Our business could be negatively affected as a result of actions of activist stockholders, and such activism could impact the trading value of our common stock. Stockholders may from time to time attempt to affect changes, engage in proxy solicitations or advance stockholder proposals. Activist stockholders may make strategic proposals related to our business, strategy, management or operations or may request changes to the composition of our Board of Directors. We cannot predict, and no assurances can be given as to, the outcome or timing of any such matters. In the event of a proxy contest, our business could be adversely affected. Responding to a proxy contest can be costly, time- consuming and disruptive, and can divert the attention of our management and employees from the operation of our business and execution of our strategic plan. Additionally, if individuals are elected to our Board of Directors with a specific agenda, it may adversely affect our ability to effectively implement our strategic plan and create additional value for our stockholders. Further, perceived uncertainties as to our future direction, including uncertainties related to the composition of our Board of Directors, may lead to the perception of instability or a change in the direction of our business, which may be exploited by our competitors, cause concern to current or potential customers, result in the loss of potential business opportunities, make it more difficult to attract and retain qualified ~~personnel~~ **employees** and / or affect our relationships with vendors, customers and other third parties. Moreover, a proxy contest could cause significant fluctuations in the price of our common stock based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. Risks Relating to our Debt Agreements Our debt agreements contain restrictions that may limit our flexibility in operating our business. Our debt agreements contain various covenants that limit our flexibility in operating our businesses, including restrictions on certain types of transactions and a requirement that a portion of our cash flow from operations be used to service this debt, which reduces cash flow available for other corporate purposes, including capital expenditures and acquisitions. Subject to certain exceptions, these covenants restrict our ability and the ability of our subsidiaries to, among other things: • permit liens on current or future assets, • enter into certain corporate transactions, • incur additional indebtedness, • make certain payments or distributions, • dispose of certain property, • prepay or amend the terms of other indebtedness, and • enter into transactions with affiliates. Increases in interest rates could increase interest payable under our variable rate indebtedness. Approximately ~~16~~ **18** . ~~9~~ **4** % of our outstanding indebtedness as of December 31, ~~2022~~ **2023** includes variable rate indebtedness under our financing arrangements. As a result of this indebtedness, we are subject to interest rate risk. Our interest rates are based on a floating rate index, and changes in interest rates could increase the amount of our interest payments and thus negatively impact our future earnings and cash flows. ~~We cannot assure you we will be able to enter into interest rate swap agreements in the future on acceptable terms or that such swaps or the swaps we have in place now will be effective.~~ If we do not have sufficient cash flow to make interest payments, we may be required to refinance all or part of our outstanding debt, sell assets, borrow additional money or sell securities, none of which we can guarantee we would be able to complete on acceptable terms or at all. **Our debt levels could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, inhibit us from making beneficial acquisitions, adversely impact our ability to implement our capital allocation strategy and prevent us from making debt service payments. In addition, changing or increasing interest rates, including the rates under our debt agreements, could adversely affect our business or financial condition. As a leveraged company, our ability to generate sufficient cash flow from operations to make scheduled payments on our debt will depend on a range of economic, competitive and business factors, many of which are outside our control. Our business may not generate sufficient cash flow from operations to meet our debt service and other obligations, and currently anticipated cost savings and operating improvements may not be realized on schedule, or at all. If we are unable to meet our expenses and debt service and other obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets or raise equity. We may not be able to refinance any of our indebtedness, sell assets or raise equity on commercially reasonable terms or at all, which could cause us to default on our obligations and impair our liquidity. Our inability to generate sufficient cash flow to satisfy our debt obligations or to refinance our obligations on commercially reasonable terms would have a material adverse effect on our business, financial condition, results of operations and cash flows. Our indebtedness could also have other important consequences with respect to our ability to manage and grow our business successfully, including the following: • it may limit our ability to borrow money for our working capital, capital expenditures, strategic initiatives, acquisitions or other purposes; • it may make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under our credit agreement and our other indebtedness; • a portion of our cash flow from operations will be dedicated to the repayment of our indebtedness and so will not be available for other purposes; • it may limit our flexibility in planning for, or reacting to, changes in our operations or business, or in taking advantage of strategic opportunities; • at times we may be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage; • it may make us more vulnerable to downturns in our business or the economy; • it may restrict us from making strategic acquisitions or divestitures, introducing new technologies or exploiting business opportunities; and • along with the financial and other restrictive covenants in the documents governing our indebtedness, among other things, may limit our ability to borrow additional funds, make acquisitions or capital expenditures, acquire or dispose of assets or take certain of the actions mentioned above, or adversely impact our ability to implement our capital allocation strategy (which includes paying dividends on our common stock), any of which could restrict our operations and business plans. We recently amended our credit facilities to switch from eurodollar loans based on LIBOR to term Secured Overnight Financing Rate (" SOFR ") loans. SOFR is a relatively new reference rate, and its composition and characteristics are not the same as LIBOR. It is not possible to predict what effect the change to SOFR may have on our interest rates. As indicated above, SOFR is a relatively new reference rate. Any failure of SOFR to gain market acceptance could cause the SOFR to be modified or discontinued. Our current credit facilities provide a mechanism for determining an alternative rate of interest upon the occurrence of certain events related to the discontinuance of SOFR. The change to SOFR or transition to other alternative rates, whether in connection with borrowings under the current credit facilities, or borrowings under replacement facilities or lines of credit, could expose our future borrowings to less favorable rates. If the change to SOFR, or other alternative rates, results in increased alternative interest rates or if our lenders have increased costs due to such phase out or changes, then our debt that uses benchmark rates could be affected and, in turn, our cash flows and interest expense could be adversely impacted. Also, in spite of the limitations in our credit agreement, we may still incur significantly more debt, which could intensify the risks described above on our business, results and**

financial condition. For more information about our indebtedness, For more information, see Note 7 (Debt) to the accompanying Consolidated Financial Statements included in Part II, Item 8., " Financial Statements and Supplementary Data " of this Annual Report on Form 10- K.