Risk Factors Comparison 2024-02-22 to 2023-02-24 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this report, including our consolidated financial statements and related notes, and Part II, Item 7, " Management' s Discussion and Analysis of Financial Condition and Results of Operations, " before making an investment in our common stock. If any of the following risks is realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline and you could lose part or all of your investment. Additional risks and uncertainties not presently known to us or not believed by us to be material could also impact us. Risks Related to Our Business and Industry ~~Low~~ **Actions that we have taken and may take in the future to restructure our business in alignment with our strategic priorities may not be as effective as anticipated. In June 2023, we announced a strategic restructuring, which we refer to as the Restructuring Plan. In connection with the Restructuring Plan, we reduced our workforce by approximately 24 %. While the Restructuring Plan was designed to further our efforts to enhance productivity and efficiency, preserve profitability and streamline our organizational structure, we may encounter challenges in the execution of these efforts that could prevent us from recognizing the intended benefits of such efforts or otherwise adversely affect our business, results of operations and financial condition. As a result of this reduction in force, we have incurred, and may continue to incur additional charges in the short term, including cash expenditures for severance costs, as well as non- cash expenditures related to the vesting of stock- based compensation. These additional cash and non- cash expenditures could have the effect of reducing our operating margins. This reduction in our workforce may result in other unintended consequences, including employee attrition beyond our intended reduction in force, which may be further exacerbated by the actual or perceived declining value of our equity awards; damage to our corporate culture and decreased employee morale among our remaining employees, including as a result of reduced employee perks; diversion of management attention; damage to our reputation as an employer, which could make it more difficult for us to hire new employees in the future; and the loss of institutional knowledge and expertise of departing employees, as further described in the risk factor entitled " An inability to retain, attract and integrate qualified personnel could harm our ability to develop and successfully grow our business. " If we experience any of these adverse consequences, our reduction in force and other restructuring efforts may not achieve or sustain their intended benefits, and any benefits, if achieved, may not be adequate to meet our long- term profitability and operational expectations, which could adversely affect our business, results of operations and financial condition. In addition, our reduction in force and other restructuring efforts could lead us to fail to meet, or cause delays in meeting, our operational and growth targets. While employee positions have been eliminated, functions that they performed remain necessary to our operations, and we may be unsuccessful in effectively and efficiently distributing the duties and obligations of departed employees among our remaining employees. The reduction in our workforce could also prevent us from pursuing new opportunities and initiatives or require us to adjust our growth strategy. If these factors lead us to fail to meet our operational and growth targets or cause delays in meeting such targets, our business, results of operations and financial condition may be adversely affected. In addition, in connection with the Restructuring Plan, our former president and chief executive officer was terminated from his position and resigned from our board of directors, and our chief operating officer was appointed as our current president and chief executive officer. Further, a number of executives, including our former senior vice president of partnerships, senior vice president of business development and senior vice president of Digital Motors, also departed in connection with the Restructuring Plan. In addition, in September 2023, we announced further leadership changes, including the hiring of a new chief financial officer and the replacement of our head of sales, and the creation of a new position, chief revenue officer. Our chief technology officer also departed in September 2023. As described in greater detail in the risk factor entitled " Our business could be adversely affected by executive and other transitions in our senior management team or if any vacancies cannot be filled with qualified replacements in a timely manner, " executive leadership transition periods are often difficult as the new executives gain detailed knowledge of our operations, and friction can result from changes in strategy and management style. Executive management transitions, particularly at the principal executive officer level, inherently cause some loss of institutional knowledge, which can negatively affect strategy, execution and our ability to compete. In any event, changes in our organization as a result of executive management transition may have a disruptive impact on our ability to implement our strategy and could have a material adverse effect on our business, results of operations, financial condition and growth prospects. As we continue to identify areas of cost savings and operating efficiencies, we may consider implementing further measures to reduce operating costs and improve operating margins. We may not be successful in implementing such initiatives, including as a result of factors beyond our control. If we are unable to realize the anticipated savings and efficiencies from our reductions in force, other potential restructuring efforts and future strategic initiatives, our business, results of operations and financial condition could be harmed. Our business is subject to risks related to the larger automotive ecosystem, including inventory and global supply chain challenges, labor and other factors. Our business is sensitive to adverse conditions affecting** automobile **dealers** ~~inventory supply levels adversely impact our business~~ , ~~results of operations~~ **manufacturers, their suppliers** and **the market** ~~prospects by increasing competition~~ for ~~dealers' marketing expenditures and reducing automobile~~ **automobiles** ~~manufacturers' incentive spending~~ **in the United States** . ~~Since~~ **For example, beginning in** 2020 ~~, beginning~~ with disruptions caused by the coronavirus pandemic, the automotive industry ~~has~~ experienced, and may continue to experience, a decline in inventory supply. ~~This decline is~~ **Despite improvements in inventory levels beginning in the latter half of 2022 and continuing throughout 2023, industry- wide levels have not reached pre- pandemic levels and certain manufacturers have experienced slower recoveries in inventory levels than others, as such, we cannot guarantee that inventory supply will return to historic levels. These recent low inventory levels are** attributable to a number of factors, including supply chain disruptions and shortages of critical parts, such as automotive semiconductor chips, fewer trade- ins from diminished vehicle sales, lease extensions on vehicles that would otherwise have been returned to dealerships, the closure of or restrictions on the operations of wholesale auctions limiting dealers' ability to source stock and replenish inventory and increases in the costs that dealers incur when purchasing inventory as a result of macroeconomic factors such as rising interest rates and inflation. The limited supply of inventory ~~has~~ also led to an increase in wholesale auction prices and the prices that dealers charge consumers for automobiles. The reduced inventory and increased prices have had, and may continue to have, several negative effects on ~~us~~ **our business** , including **, but not limited to** : a reduction in dealers' willingness to participate in our network, at our standard rates or at all, and corresponding pressure on our dealer count and revenue; an increase in competition for dealers' marketing spending and a limitation on the effectiveness of our advertising ~~, as detailed in the risk factor " The success of our business relies heavily on our marketing and branding efforts, especially with respect to the TrueCar website and our branded mobile applications, as well as those efforts of the affinity group marketing partners whose websites we power, and these efforts may not be successful "~~ ; a reduction in automobile manufacturers' incentive spending and willingness to partner with us on incentives ~~, as detailed in the risk factor " The failure to attract manufacturers to participate in our car manufacturer incentive programs, or to induce manufacturers to remain participants in those programs, could reduce our growth or have an adverse effect on our operating results "~~ ; an adverse effect on consumer satisfaction with the experience we provide due to unusually high vehicle sale prices; and an adverse impact on the amount of inventory available on our sites, which could contribute to a decline in the number of consumer visits to our sites and the number of connections between consumers and dealers through our platform and ~~, as detailed in the risk factor " The loss of a critical mass of dealers, either nationally or in any given geographic area, could deprive us of the data we need to provide certain of our key features, our inventory supply and certain key elements of our TrueCar Deal Builder' s functionality, any of which would negatively affect our business, "~~ disrupt our search- engine optimization efforts. We cannot predict when, if ever, these automobile inventory- related issues will be **fully** resolved, and until they are, they are likely to continue to adversely impact our business, results of operations and prospects **. Labor disputes, strikes or similar activities, whether impacting automobile manufacturers or their major suppliers, may have an adverse impact on our business if such disruptions result in reduced automobile inventory supply, an increase in the prices of automobiles or otherwise reduce the demand for new automobiles. For example, from September 15, 2023 to October 30, 2023, the United Auto Workers labor union declared a simultaneous strike against Ford Motor Company, General Motors and Stellantis. The long- term effects that the strike may have on dealer inventories, the larger automotive ecosystem or on our business have yet to be determined, and this or future labor activity may negatively affect our business and results. In addition, our business may be negatively affected by challenges to the larger automotive ecosystem, including challenges arising from growth in car manufacturer subscription service offerings, automotive tariffs, natural disasters, pandemics and other macroeconomic issues. Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition** . Decreases in the quality or quantity of the leads we provide to dealers adversely affect our business and revenue by, among other things, decreasing our unit volume and causing some dealers on our network to lose faith in our value proposition and choose to leave our network or insist on lower subscription rates. Our Auto Buying Program introduces consumers to TrueCar Certified Dealers, who either pay us a subscription fee or a fee per vehicle sold to our users introduced to them through our platform. The quality and quantity of these leads are important variables in the success of our business and depend on many factors, including the attractiveness of our car-buying experience, the efficiency of the algorithm that matches our users with TrueCar Certified Dealers and consumers' loyalty to our brand or to that of the partner through which they were introduced to the Auto Buying Program, among others. When our lead quality or quantity declines, for example, in response to macroeconomic factors such as interest rates, inventory shortages or inflation, our unit volume declines, which results in lower revenues from pay- per- sale billing arrangements, as well as a greater difficulty in justifying our value proposition to dealers. Additionally, diminished lead quality or quantity often causes TrueCar Certified Dealers to be dissatisfied with our program, which makes it more likely that they choose to leave our network or insist on lower subscription rates. Historically, some of our TrueCar Certified Dealers have expressed concern about our lead quality, **as measured by the rate at which our leads convert into buyers,** and we first observed an increase in this concern in the first half of 2019. Further, in 2020, the wind- down and subsequent termination of our affinity partnership with USAA Federal Savings Bank, or USAA, adversely affected our overall lead quantity and lead quality. Additionally, during the first several months of the coronavirus pandemic, we noticed a substantial but temporary decrease in lead quantity, and since 2021 **,** we ~~have~~ **continue to** ~~experienced~~ **experience** a material decline in lead quality. We believe that the lead quality challenges that we have experienced since 2021 are substantially related to the contemporaneous industry- wide automobile inventory shortages, which we discuss in greater detail in the risk factor **entitled** " ~~Low~~ **Our business is subject to risks related to the larger** ~~automobile~~ **automotive ecosystem, including** inventory **and global** supply **chain challenges** ~~levels adversely impact our business~~ , **labor** ~~results of operations~~ and **other issues** ~~prospects by increasing competition for dealers' marketing expenditures and reducing automobile manufacturers' incentive spending~~ . " We cannot predict how further developments will affect our lead quantity and quality, and negative developments in these metrics, like many others in the total value proposition that we provide to our TrueCar Certified Dealers, have adversely affected our revenues, results of operations and business and may continue to do so in the future. If we are not successful in rolling out **new offerings, including** our TrueCar offering, providing a compelling value proposition to consumers and dealers using ~~that~~ **those** ~~offering~~ **offerings** , integrating our current and future offerings into ~~that~~

such ~~experience~~ **experiences** or appropriately monetizing ~~it~~ **them** , our business and prospects would be adversely affected. We believe that our effort to build out our end- to- end consumer car- buying experience, TrueCar , is critical to the success of our business. Through this initiative, we integrate certain of our current product offerings along with other offerings designed to provide an end- to- end car- buying experience into one seamless experience. For example, we ~~currently~~ **have historically** ~~offer~~ **offered** ~~an Access package containing~~ our ~~Payments and~~ Trade ~~solutions~~ - **solution** to our dealers **through a commercial partnership with Accu- Trade** . In March 2022, our original agreement **with Accu- Trade** was terminated and replaced with a new commercial agreement with the Accu- Trade business in connection with the acquisition of Accu- Trade by Cars. com Inc. ~~and the related redemption of our 20 % ownership interest in~~ Accu- Trade **, as a subsidiary of Cars** . **com, supplied the valuation data we used in providing offers and guarantees for those offers to dealers subscribed to our Trade product until our commercial relationship with** Accu- Trade **ceased in May 2023 upon** ~~, as a subsidiary of Cars. com, supplies~~ the **termination of our commercial agreement. Although we have continued offering** valuation data **for** ~~we use in providing offers and guarantees those offers to dealers. Accu- Trade' s services are provided at no cost to the us during the first year of the agreement and the agreement is cancellable by either party thereafter on 60 days' notice. On January 18, 2023, we received notice from Cars. com that it intended to terminate our agreement with the Accu- Trade entity effective May 1, 2023. Although we intend to continue offering~~ our Trade and " Sell Your Car " products with the support of our affiliate, **TCWS** ~~TrueCar Wholesale Solutions, Inc.~~ , instead of Accu- Trade, we cannot guarantee that consumers or dealers will consider **our** ~~any such~~ replacement product comparable to what we have historically provided through our partnership with Accu- Trade. If dealers believe that this change decreases the value **of** our product offerings, our business may be adversely affected. We also cannot assure you that we will be able to operationalize and implement the replacement support of **TCWS at scale** ~~TrueCar Wholesale Solutions, Inc~~ . If we are unable to do so, the TrueCar offering and our business and prospects will be adversely affected. **The anticipated business model of TCWS** ~~Also~~ **also introduces additional risk to our business** , **including risks arising from the requirement that TCWS comply with certain laws and regulations governing the operations of automobile dealers, as further described in the risk factor entitled " We are subject to a complex framework of laws and regulations, including, among others, those concerning vehicle sales, advertising and brokering, many of which are unsettled, still developing and contradictory, which have in the past, and could in the future, subject us to claims, challenge our business model or otherwise harm our business. " Further, certain anticipated aspects of TCWS' business model involve TCWS acquiring used cars from consumers and holding such cars in inventory, but if TCWS is unable to efficiently liquidate such inventory or recognize gains from the sale thereof, our revenue, results and business may be adversely affected.** ~~since~~ **Since** 2020, we have introduced a number of other products to help streamline consumers' car- buying experience. The first of these products allows consumers to connect with one of our insurance partners, from whom they may obtain car insurance. We also have partnered with financial institutions to, among other things, allow consumers to pre- qualify for a car loan, ~~and~~ review their credit score to facilitate financing quotations **and apply for credit from lenders** . We have introduced, and intend to continue to introduce, additional other products to facilitate the implementation of our TrueCar offering. However, because these products are new and may be relatively untested, we may be unable to anticipate issues that arise following their introduction. This has resulted in our product development and rollout being an iterative process in which we may modify, pause or cease certain features or products, and we expect to continue this approach with future offerings. Consumers and dealers may view past or future alterations or removals of TrueCar features or products in a negative light, which could adversely affect the prospects of our TrueCar offering. For more information on potential risks to our reputation with dealers arising from these new products, refer to the risk factor **entitled** " If key industry participants, including car dealers, affinity partners and automobile manufacturers, perceive us in a negative light or our relationships with them suffer harm, our ability to grow and our financial performance may be damaged. " Further, we completed the acquisition of Digital Motors Corporation in the second quarter of 2022. The acquisition was undertaken in part to allow us to pursue the integration of certain features of Digital Motors' existing automotive retail and financial technology platform into our current and future product offerings, including our TrueCar offering. For example, in the fourth quarter of 2022 we employed certain elements of Digital Motors' credit application routing product to replace services that to that point had been supplied by a third- party vendor. However, we cannot guarantee that the benefits of any such integration will make TrueCar or any other offerings more attractive to dealers and consumers **or that we will be able to successfully integrate any technology developed by Digital Motors into our own platforms in all cases** . For more information on potential risks related our acquisitions and similar transactions, refer to the risk factor **entitled** " We have in the past undertaken and may in the future pursue acquisitions, divestitures, investments and other similar transactions, which could divert our management' s attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results, and if we do not manage them successfully or if acquired entities or investments fail to perform as expected, our financial results, business and prospects could be harmed. " Our TrueCar offering was structured as a pilot program in the initial stages of its rollout and dealers were able to access the offering for free during that period. At the beginning of 2023, we began monetizing our TrueCar offering which resulted in some dealers choosing to end their access to the offering and could result in decreased rates of dealer participation in the future. If we are ~~not successful~~ **unsuccessful** in rolling out the **paid** TrueCar offering, providing a compelling value proposition to consumers and dealers using it, integrating our current and future offerings into that experience or appropriately monetizing it, our business, revenue, operating results and prospects would be adversely affected. ~~The coronavirus pandemic and~~ **Our TrueCar offering requires a technological infrastructure that integrates** the ~~responses to it~~ **software and processes used** by ~~governments~~ **dealers** , ~~organizations~~ **lenders** and ~~individuals materially~~ **other third parties in order to create a fully- integrated online commerce flow for the car buying process. Certain key aspects of this process, such as the ability to complete transaction documents online, will require additional technological development** and ~~negatively affected our business~~ **, in certain cases, will necessitate cooperation from current and potential commercial partners** . We cannot ~~predict~~ **guarantee that we or any such**

commercial counterpart will be successful in developing ~~the~~ **these** ~~extent~~ **technologies, or that we will be able** to **reach the agreements with such commercial counterparts necessary for the development of these technologies or their implementation to be successful. If we are unable to do so, our business and prospects may be adversely impacted. Additionally in 2023, we announced our plans to develop more personalized and dynamic product experiences tailored to different consumer and dealer profiles,** which **we refer to as cohorts. We cannot guarantee that any cohort of dealers or consumers will positively respond to these offerings, that these offerings will be appropriately tailored to any cohort or that they will increase our traffic or close rates, in which case** our business may ~~continue to~~ be **adversely** ~~disrupted by it and its effects in the future. Responses to the coronavirus pandemic negatively~~ affected ~~our business, growth, financial condition, results of operations and cash flows in a number of ways. Most directly, in the first and second quarters of 2020, a number of state and local governments took steps that prohibited or curtailed the sale of automobiles during the pandemic~~ . In **addition** ~~some jurisdictions~~ , **in 2024** ~~shelter- at- home orders~~ , **we announced TrueCar Marketing Solutions** ~~or other orders related to the pandemic~~ , ~~impeded car sales. On~~ **a suite of products designed** ~~top~~ - **to** ~~of~~ **improve** ~~these~~ -- **the efficiency** ~~legal restrictions, the economic uncertainty and the large number~~ of ~~consumers who were unemployed, as well as the decrease in consumers' need and willingness to make discretionary trips outside of the home, decreased the demand for cars. Cumulatively, these factors resulted in a drastic reduction in the number of cars bought by our users from our dealers. In the second and third quarters of 2020, for example, our units declined by approximately 22 % over the same two- quarter period in 2019, with the effect most pronounced in April 2020. These factors continued to negatively affect the number of cars bought by our users from our dealers in subsequent quarters, and this was compounded by the wind- down and termination of our partnership with USAA later in the year. This decline in units had a number of negative consequences, including on the amount of revenue we generated from~~ our dealer customers ~~due to the effects of the pandemic on~~ **' marketing efforts, but we cannot guarantee that** our dealers **will find** ~~' financial condition and certain of the steps we took to support them~~ - **the value proposition of** ~~during this time, such as reducing the~~ **these products** ~~cost of our platform. Although we have experienced a marked improvement in our financial and operational metrics since the height of the pandemic, uncertainty continues~~ to ~~surround the pandemic' s duration and its long- term effect on governmental, economic and societal conditions. We cannot predict or prepare for every eventuality, and our business could suffer depending upon how employee, consumer or dealer behavior or the macroeconomic environment are affected. For example, consumer demand for cars could~~ be **compelling** ~~permanently decreased if remote working remains prevalent in the long term, reducing the need for workers to commute~~ . Further, **the resources dedicated to developing these offerings** ~~many~~ - **may** ~~dealers were able~~ **detract from resources that would be otherwise dedicated** to ~~increase profits as a result of certain conditions caused by the~~ **other product offerings. Our cash** ~~pandemic, such as low inventory levels~~ and **cash equivalents** ~~marketing costs, and if dealers continue this operational approach, our business~~ could be adversely affected **if the financial institutions in which we hold our cash and cash equivalents fail** . **We regularly maintain cash balances at third- party financial institutions in excess of the Federal Deposit Insurance Corporation, or FDIC, insurance limit. On March 10, 2023, the California Department of Financial Protection and Innovation closed Silicon Valley Bank, or SVB, and appointed the FDIC as receiver. At that time, we held approximately 70 % of our cash and cash equivalents, approximately $ 122 million, with SVB in order to comply with a covenant in our now- terminated credit facility with SVB. As a result of SVB' s closure, substantially all of our cash and cash equivalents with SVB were temporarily unavailable until March 13, 2023, following the FDIC' s announcement that all SVB deposits would be guaranteed and that the bank would resume normal banking activities, including online banking. On March 27, 2023, all deposits of SVB were assumed by First- Citizens Bank & Trust Company. Following the closure of SVB, we terminated our credit facility with SVB, which terminated the covenant requiring us to keep 70 % of our cash and cash equivalents deposited with SVB. Although this allowed us to** ~~Further~~ **further** ~~,~~ **diversify the financial institutions in which** we **deposit our cash and cash equivalents, our business operations necessitate maintaining a certain amount of cash in deposit accounts, and, as of December 31, 2023, approximately 11. 5 % of our cash and cash equivalents was held in deposit accounts in excess of the FDIC insurance limits and remain subject to the risk of bank failure. We** cannot ~~predict whether~~ **guarantee that additional financial intuitions, including those at which we have deposited our cash and cash equivalents, will not enter into receivership or that the FDIC or any governmental authority will protect uninsured depositors if there are** future **bank failures** ~~outbreaks of the coronavirus, including its variants and subvariants, or of other infectious diseases will result in renewed governmental restrictions on consumer and dealer behavior, any of which could have negative financial and operational impacts on our business. Additionally, since the first quarter of 2020, all of our employees have been on mandatory work- from- home status, a transition that was implemented to reduce the risk of transmission of the coronavirus in accordance with the orders of relevant governmental authorities~~ . In ~~the~~ **instances of** future **bank failures** ~~, we may permit or require certain employees to return to our offices, which could create a transition period in which business is disrupted or employee attrition, morale and productivity is negatively affected. Finally~~ , we may be unable to **access** ~~offer new products and services, or retool or otherwise update our~~ - **or** ~~existing products and services, in a way that responds to consumers' and dealers' changing preferences and expectations that have been driven in part by the pandemic. For example, if consumers become accustomed to contactless purchases and we are not able to successfully roll out our TrueCar experience, we~~ may **lose some** ~~not be able to return our~~ - **or** ~~units~~ **all of our cash** and ~~revenues to~~ **cash equivalents, which could materially and adversely** ~~unaffected~~ ---- **affect** ~~levels and~~ our business ~~would be harmed. The termination of our partnership with USAA adversely affected our business and we may be unable to mitigate its negative financial effects. The largest source of user traffic and unit sales from our affinity group marketing partners in 2019 came from the car- buying site we maintained for USAA. In 2019, 293, 142 units, representing 29 % of all of our units during that year, were matched to users of that site. Our affinity group marketing agreement with USAA reached the end of its term in 2020, at which time we entered into a transition services agreement with USAA pursuant to which it briefly continued to offer its members an auto- buying program as it wound down the offering. Even as the~~

~~partnership was wound down during 2020, 154, 339 units, representing 20. 1 % of all of our units that year, were attributable to the program. As such, the number of units purchased using the USAA car- buying site has in the past had a significant influence on our operating results. The termination of our affinity partnership with USAA had a material adverse effect on our business, revenue, operating results and prospects, and may have led to the loss of some dealers from our network. To the extent that we are not able to mitigate the adverse effects of the termination of our relationship with USAA, our business, revenues, results of operations and cash flows will continue to be materially negatively affected~~ . The growth of our business relies significantly on our ability to maintain and increase the revenues that we derive from dealers in our network of TrueCar Certified Dealers. Failure to do so would harm our financial performance. We derive most of our revenues from dealers in our network of TrueCar Certified Dealers. If we are unable to maintain and increase these revenues, our financial performance will be harmed. We seek to increase these revenues in a number of ways. First, as described elsewhere in this " Risk Factors " section, we work to develop, introduce and improve, new products for dealers, including our TrueCar offering, to increase revenue and drive dealer adoption of our offerings **. As discussed further above under, " If we are not successful in rolling out new offerings, including our TrueCar offering, providing a compelling value proposition to consumers and dealers using those offerings, integrating our current and future offerings into such experiences or appropriately monetizing them, our business and prospects would be adversely affected, " if we fail to provide enticing new products, we may not be able to attract new dealers or maintain the current dealers in our network** . Second, we endeavor to support and maintain our currently active TrueCar Certified Dealers. As described in greater detail elsewhere in this " Risk Factors " section, the coronavirus pandemic imposed financial hardships on dealers that resulted in some of them going out of business or canceling or suspending their participation in our offerings, and the termination of our partnership with USAA **in 2020** diminished the number of users that we refer to our dealers and decreased the average quality of the leads that we provide our dealers, and **while** we have taken actions intended to mitigate these effects on our dealers **, there can be no assurance that our efforts will be successful** . Third, because **an increasing majority** ~~approximately two- thirds~~ of our unit volume from our dealers is subject to subscription billing arrangements, with the remainder being subject to pay- per- sale billing arrangements, our ability to properly manage dealer subscription rates is critical to maintaining and increasing our dealer revenues. If the number of TrueCar Certified Dealers on subscription billing arrangements increases relative to those on a pay- per- sale billing model, the growth of our business will be even more dependent on our ability to manage dealer subscription rates. If we are unable to convince subscription- based dealers of our value proposition, we could be unable to maintain or increase dealer subscription rates even if our unit volume increases. Similarly, if our unit volume declines and we are not able to appropriately manage the subscription rates of affected dealers, those dealers could insist on lower subscription rates or terminate their participation in our dealer network. Any of these and other similar subscription- related eventualities could have a material adverse effect on our business, growth, financial condition, results of operations and cash flows. In addition, during the coronavirus pandemic, our monetization rates ~~have~~ exhibited substantially greater volatility than historical levels. In response to this volatility, we provided automatic discounts to most of our subscription dealers during the second quarter of 2020. In the future, we expect to continue to adjust individual dealers' subscription rates in an effort to bring their monetization rates into line with historical levels. If we do not successfully balance the need to maintain dealer relationships with appropriate subscription adjustments with the need to maintain our revenues, our business, operating results and financial condition could be negatively affected. Finally, we strive to grow and optimize the geographic coverage of dealers in our network of TrueCar Certified Dealers and to improve the representation of high- volume brands in our network to increase the number of transactions between our users and dealers. Some automotive brands consistently achieve higher than average sales volume per dealer. As a consequence, dealers representing those brands make a disproportionately greater contribution to our unit volume. Our ability to grow and to optimize the geographic coverage of dealers in our network of TrueCar Certified Dealers, increase the number of dealers representing high- volume brands and grow the overall number of dealers in our network is an important factor in growing our business. As described elsewhere in this " Risk Factors " section, car dealerships have sometimes viewed our business in a negative light. Although we have taken steps intended to improve our relationships with, and our reputation among, car dealerships, including the commitments made in our pledge to dealers, there can be no assurance that our efforts will be successful. Since the beginning of 2020, we have experienced the loss of a significant number of car dealers in our network **(as a result of the coronavirus pandemic, termination of our affinity partnership with USAA or otherwise)** and we may be unable to maintain or grow the number of car dealers in our network, in a geographically optimized manner or at all, or increase the proportion of dealers in our network representing high volume brands. ~~As noted earlier in this " Risk Factors " section, many of our dealers canceled or suspended their participation in our network as a result of the coronavirus pandemic and the termination of our affinity partnership with USAA led to the loss of additional dealers from our network.~~ If we **continue to experience a protracted decline, or** experience a similar decline in the future, it would have a material adverse effect on our business, growth, financial condition, results of operations and cash flows. In addition, our ability to increase the number of TrueCar Certified Dealers in an optimized manner depends on strong relationships with other constituents, including car manufacturers and state dealership associations. From time to time, car manufacturers have communicated concerns about our business to dealers in our network. For example, many car manufacturers maintain guidelines that prohibit dealers from advertising a car at a price that is below an established floor, referred to as ~~"~~minimum allowable advertised price, ~~"~~ or ~~"~~MAAP, ~~"~~ guidelines. In the past, manufacturers have taken the position that prices submitted by TrueCar Certified Dealers were in violation of their MAAP guidelines and discouraged franchise dealers from remaining in or joining the network, and any similar discord in the future with specific car manufacturers could impede our ability to grow our dealer network. Although we have implemented certain changes designed to accommodate existing MAAP guidelines, it is unclear whether we will be able to accommodate new, and continue to accommodate existing, guidelines without making material, unfavorable adjustments to our business practices or user experience and, if we are not, it could have a material adverse effect on our business, growth, financial condition, results of operations and cash flows. In addition, state dealership associations maintain significant influence over the dealerships in their states as lobbying groups and as thought leaders. To the extent that these associations view us in a negative light, our reputation with car dealers in the corresponding states may be negatively affected. If our relationships with car manufacturers or state dealership associations suffer, our ability to maintain and grow the number of car dealers in our network would be harmed. We cannot assure you that we will be able to maintain or increase the revenues that we derive from dealers in our network of TrueCar Certified Dealers in any of the ways described above, or otherwise, and failure to do so would harm our financial performance. The loss of a critical mass of dealers, either nationally or in any given geographic area, could deprive us of the data we need to provide certain of our key features, our inventory supply and certain key elements of our TrueCar Deal Builder' s functionality, any of which would negatively affect our business. ~~As discussed in more detail under the risk factor “~~ We ~~rely on relationships with data providers and may experience interruptions in the data feeds or API services they provide, which could adversely affect our current and future product offerings, including TrueCar , and could limit our ability to provide our complete platform to our consumers and dealer customers as well as the timeliness of the information we provide, and which may impair our ability to attract or retain consumers and TrueCar Certified Dealers and to timely invoice our dealers, and otherwise negatively affect our business, ” we~~ depend on data provided by our dealers to provide our users with information about what others paid for the same make and model of car, among other aspects of our user experience. If a critical mass of dealers nationally, or in any given geographic area, goes out of business, or cancels or suspends their participation in our network, we may be unable to provide comparable sales data, our used- car inventory count and certain key elements of our TrueCar Deal Builder experience to users in the affected areas, or the quality of the information or user experience could deteriorate in those areas **. Although we introduced distance retailing in 2022 to allow consumers to choose from an expanded selection of inventory beyond their immediate geographic location, a majority of TrueCar consumers who ultimately purchase vehicles after being introduced to dealers through our platform do so from dealers in their immediate geographic region** . Additionally, because much of our organic traffic from search engines originates from used- car- related search terms, and our ranking for those terms is heavily influenced by our inventory levels, the loss of a critical mass of dealers in any given geographic area could also cause a loss of used- car inventory on our sites that would diminish our organic search traffic and therefore our number of monthly unique visitors. For example, a decrease in our relevant inventory would result in a decrease in pages that are available for search- engine indexation and a greater probability that a user leaves our pages early, which is generally a negative signal for ranking algorithms. For more information on the reliance of our business on search- engine results, refer to the risk factor **entitled** “ We rely, in part, on Internet search engines to drive traffic to our website, and if we fail to appear prominently in the search results, our traffic would decline and our business would be adversely affected. ” **While** ~~Although dealer cancellations and suspensions at the beginning of the pandemic were disproportionately concentrated in California and the Northeastern United States,~~ we do not believe that we have to date lost a critical mass of dealers in any particular geographic area ~~. Nevertheless~~ , recent decreases in our dealer count have affected our ability to present a wide array of dealers and inventory to some of our users, which could harm our business. Further, if we do lose a critical mass of dealers nationally, in any geographic area or for any particular manufacturer, our business, reputation and results of operations would be negatively affected. If we are unable to provide a compelling car- buying experience to our users, the number of transactions between our users and TrueCar Certified Dealers, and the number of TrueCar Certified Dealers, could decline, and our revenue and results of operations would suffer harm. The user experience on our TrueCar- branded website platform has evolved since its launch in 2010, but has not changed dramatically. While we continue to devote substantial resources to the development of our platform and enhancement of our user experience, including the rollout of our TrueCar end- to- end car- buying solution, we cannot assure you that we will be able to create such an end- to- end car- buying solution, or provide a compelling car- buying experience to our users. Our failure to do so could cause the number of transactions between our users and TrueCar Certified Dealers to decline, prevent us from effectively monetizing our user traffic and cause us to lose consumers to competitors' platforms. In addition, ~~as described elsewhere in this “ Risk Factors ” section,~~ if we are unable to provide a compelling car- buying experience to our users, the quality of the leads we provide to dealers could decline, which could result in dealers leaving our network. We believe that our ability to provide a compelling car- buying experience is subject to a number of factors, including: • the actions taken by other participants in the car- buying process, including dealers and automobile manufacturers; • our ability to provide our TrueCar offering in a manner that is user- friendly, accepted by dealers and differentiated from the offerings of our competitors; • our ability to **provide users personalized experiences tailored to differing consumer and dealer profiles; • our ability to** launch other new products that are effective and have a high degree of consumer engagement; • our ability to constantly innovate and improve our existing products, including in response to changes in consumer and dealer behavior and preferences, whether in response to the ~~coronavirus pandemic, the~~ macroeconomic environment **, such as inflation or increased interest rates** or otherwise; • the compliance of the dealers within our network of TrueCar Certified Dealers with applicable laws, regulations and the rules of our platform, including the requirement that they honor the prices they quote to our users; • our access to a sufficient amount of data to enable us to provide relevant vehicle and pricing information to consumers, including data provided by TrueCar Certified Dealers through our systems; and • our ability to constantly innovate and improve our mobile application and platform to enable us to provide products and services that users want to use on the devices they prefer. **Economic and** ~~Our business is subject to risks related to the~~ **other** ~~larger~~ **conditions that impact consumer demand for** ~~automotive~~ **automobiles** ~~ecosystem~~ , including interest rates, **inflation** ~~consumer demand~~ , **fuel prices** ~~global supply chain challenges~~ and ~~other~~ -- **the** ~~macroeconomic issues~~ **impacts of public health events such as the coronavirus pandemic, may have a material adverse effect on our business, financial condition and results of operations** . 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. For example, the number of new vehicle sales in the

United States decreased from approximately 16. 1 million in 2007 to approximately 10. 4 million in 2009, and in connection with the coronavirus pandemic and the subsequent shortage of automobile semiconductor chips **,** dropped **consistently for three years** from 17. 0 million in 2019 to ~~14~~ **13. 8 million in 2022 before increasing to 15** . 5 million in ~~2020~~ **2023** ~~, 14. 9 million in 2021 and 13. 8 million in 2022,~~ according in each case to the Bureau of Economic Analysis. Various economic uncertainties, including stock market and commodity pricing volatility, could lead to a downturn that may impact our business. 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 the rising costs of energy and gasoline, the availability and cost of credit, reductions in business and consumer confidence, inflation, stock market volatility, new tariffs or border adjustment taxes, increased unemployment and changes in environmental regulations and fuel economy standards. Similarly, a change in gasoline prices, such as the increases in gasoline prices following Russia' s invasion of Ukraine in February 2022 and the implementation of sanctions against Russia by Western and other governments, governmental policy or other macroeconomic factors could increase the relative demand for electric vehicles, many of which are currently sold directly to consumers by manufacturers such as Tesla without the involvement of franchised dealers such as the TrueCar Certified Dealers on our network, and which is a transaction structure we are not currently able to monetize. Interest rates in particular 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. Interest rate increases by the U. S. Federal Reserve, such as those implemented in 2022 **and** ~~, implemented to date in~~ 2023 ~~and those~~ **as well as any** additional increases **that could** ~~currently forecast to~~ occur in ~~2023~~ **the future** , could negatively affect the number of vehicles purchased by consumers, and any reduction in purchases could adversely affect automobile dealers and car manufacturers and lead to a reduction in other spending by these constituents, including targeted incentive programs. Higher interest rates combined with increased vehicle prices resulting from low inventory, as discussed in the risk factor **entitled** " ~~Low~~ **Our business is subject to risks related to the larger** ~~automobile~~ **automotive ecosystem, including** inventory **and global** supply **chain challenges** ~~levels adversely impact our business~~ , **labor** ~~results of operations~~ and **other issues,** ~~prospects by increasing competition for dealers' marketing expenditures and reducing automobile manufacturers' incentive spending~~ " or other factors may also increase the amount of time that consumers ~~spend~~ **wait** between purchasing vehicles as the ability for a consumer to trade in or sell an existing vehicle to finance a new purchase may be diminished if the value of any loans associated with such existing vehicle are high relative to the value of the vehicle itself. Increases in interest rates may also result in dealers purchasing lower amounts of inventory from manufacturers due to increases in dealers' own financing costs. Similarly, inflation, both with respect to new and used cars prices and the broader macroeconomic environment, may negatively affect consumer behavior and purchasing power, reducing the number of cars purchased by consumers during periods of heightened inflation, such as the twelve months ~~ending~~ **ended** June 30, 2022, during which consumer prices increased 9. 1 % according to the Department of Labor, and while increases in **the rate of** inflation have slowed ~~in intensity~~ since summer 2022, we cannot predict the extent prices will continue to rise, or the long- term effects these conditions may have on consumer behavior. **Further, economic impacts and the impacts on consumer behavior resulting from responses to the coronavirus pandemic negatively affected our business, growth, financial condition, results of operations and cash flows in a number of ways. Most directly, in the first and second quarters of 2020, a number of state and local governments took steps that prohibited or curtailed the sale of automobiles. On top of these legal restrictions, economic uncertainty, as well as a decrease in consumers' need and willingness to make discretionary trips outside of the home, decreased the demand for cars. Cumulatively, these factors resulted in a drastic reduction in the number of cars bought by our users from our dealers.** In ~~addition~~ **the second and third quarters of 2020, for example, our units declined by approximately 22 % over the same two- quarter period in 2019. Although we have experienced a marked improvement in our financial and operational metrics since the height of the pandemic, our business could suffer depending upon how employee, consumer or dealer behavior or the macroeconomic environment are affected by the long- term effects of the pandemic. For example, if consumer demand for cars is permanently decreased because remote working continues to be prevalent in the long term and the need for workers to commute is reduced or if consumers become accustomed to contactless purchases and we are not able to successfully roll out our TrueCar experience** , our business may be ~~negatively affected~~ **harmed. Further, many dealers were able to increase profits as a result of certain conditions caused** by ~~challenges to~~ the **pandemic** ~~larger automotive ecosystem, including challenges arising from growth in car manufacturer subscription service offerings, increasing interest rates on loans, global supply chain challenges~~ , such as **low inventory levels and marketing costs, and if dealers continue this operational approach, our business could be adversely affected. Additionally,** ~~those~~ -- **the resumption of student loan payments** ~~resulting from the ongoing automotive microchip shortage~~ , which ~~has disrupted automobile production, automotive tariffs, natural disasters and~~ **were temporarily paused with respect to most publicly- held student loans during** ~~other~~ -- **the** ~~macroeconomic issues. Any of the foregoing~~ **coronavirus pandemic, may have a negative impact on consumer spending, which** could ~~have a material adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ **demand for automobiles and** our business ~~, results of operations and financial condition~~ . The failure to attract manufacturers to participate in our car manufacturer incentive programs, or to induce manufacturers to remain participants in those programs, could reduce our growth or have an adverse effect on our operating results. In **2023 and** 2022 ~~and 2021~~ , respectively, we derived approximately **9. 4 % and** 2 ~~. 7 % and 3~~ . 7 % of our revenue from our arrangements with car manufacturers to promote the sale of their vehicles through additional consumer incentives, and, while more volatile than other of our revenue sources, we believe that this revenue stream represents a potential growth opportunity for our business following the resolution of current automobile inventory shortages. Low vehicle inventories in 2021 and 2022 ~~have~~ reduced manufacturers' incentive spending **, and while incentive spending by manufacturers increased in 2023, such spending remains historically low compared to the period prior to the coronavirus pandemic and subsequent inventory shortages and has trended toward financing and leasing offers, while our arrangements with car manufacturers has historically**

involved cash discount incentives offered to consumers . Certain manufacturers who currently participate in these programs have suspended their participation indefinitely due to the low inventory levels, and certain manufacturers who formerly participated in programs of this type have informed us that they will not consider partnering with us again until inventory returns to more typical levels. Failure to attract additional manufacturers to participate in these programs could reduce our growth and harm our operating results. For more information on ~~in~~ **the** effect of low vehicle inventory levels on our business, refer to the risk factor **entitled** " ~~Low~~ **Our business is subject to risks related to the larger** ~~automobile~~ **automotive ecosystem, including** inventory **and global** supply **chain challenges** ~~levels adversely impact our business~~ , **labor** ~~results of operations~~ and **other factors** ~~prospects by increasing competition for dealers' marketing expenditures and reducing automobile manufacturers' incentive spending.~~ " Additionally, our relationships with manufacturers typically begin with a short- term pilot arrangement and, even if a relationship progresses beyond the pilot stage, it may only be for a short term and may not be renewed by the manufacturer, which could cause fluctuations in our operating results. If we are unable to induce the manufacturers with which we currently have relationships to continue or expand their incentive programs on our platform, or to enter into longer- term arrangements, or if we are unable to attract new manufacturers to our platform, that would have an adverse effect on our business, revenue, operating results and prospects. The loss of a significant affinity group marketing partner **, such as the termination of our partnership with USAA in 2020,** or a significant reduction in the number of cars purchased from our TrueCar Certified Dealers by members of our affinity group marketing partners would reduce our revenue and harm our operating results. Our financial performance is substantially dependent upon the number of cars purchased from TrueCar Certified Dealers by users of the TrueCar website, our branded mobile applications and the car- buying sites we maintain for our affinity group marketing partners. A majority of the cars purchased by our users have historically been matched to the car- buying sites we maintain for our affinity group marketing partners ~~,~~ and ~~although the termination of our affinity partner relationship with USAA has increased our branded sites' relative unit contributions,~~ our relationships with our affinity group marketing partners will remain critical to our business and financial performance. However, several aspects of our relationships with affinity groups might change in a manner that harms our business and financial performance, including: • affinity group marketing partners might terminate their relationship with us or make the relationship non- exclusive, resulting in a reduction in the number of transactions between users of our platform and TrueCar Certified Dealers; • affinity group marketing partners might de- emphasize the car- buying programs within their offerings or alter the user experience for members in a way that results in a decrease in the number of transactions between their members and our TrueCar Certified Dealers; or • the economic structure of our agreements with affinity group marketing partners might change, resulting in a decrease in our operating margins on transactions by their members. For example, in 2020, USAA terminated its affinity marketing partnership with us. USAA accounted for a substantial share of our units and revenues ~~and this termination had a materially adverse effect on our business~~ , ~~operating results and prospects. For more information on~~ **for example, in 2019, 29 % of all of our units during that year, were matched to users of** the **car- buying site we maintained for USAA. Even as the partnership wound down during 2020, 20. 1 % of all of our units that year, were attributable to the program. The** termination of our affinity partnership with USAA **had a material adverse effect on our business** , ~~refer~~ **revenue, operating results and prospects, and may have led** to the ~~risk factor " The~~ **loss of some dealers from our network. To the extent that we are not able to mitigate the adverse effects of the** termination of our ~~partnership~~ **relationship** with USAA ~~adversely~~ **, our business, revenues, results of operations and cash flows will continue to be materially negatively** affected ~~our business, and we may be unable to mitigate its negative financial effects~~ . ~~"~~ Additional changes like these to our relationships with our affinity group marketing partners could happen for a number of reasons both within and outside of our control. For example, we share certain information of our users with our affinity partners, and those partners may in turn use that information to offer enhanced value propositions to our users, such as manufacturer incentives or other benefits provided by third parties that we refer to as buyer' s bonuses, or for analytical or other business purposes. Affinity partners that derive value from that information may terminate their relationship with us, or change the relationship in a manner adverse to our business, if we cease or limit our sharing of the information, and we cannot assure you that we will not be required to do so due to market conditions or contractual counterparties, or by law or regulators given the rapidly evolving environment surrounding privacy matters in the United States. For more information on these matters, refer to the risk factor **entitled** " We collect, process, store, share, disclose and use personal information and other data, and our actual or perceived failure to protect this information and data could damage our reputation and brand and harm our business and operating results. " Our relationships with our affinity group marketing partners could also be harmed by any number of macroeconomic, social, political, legal or regulatory changes or other factors and our and our partners' respective responses to them **or changes in our partners' interpretations or existing regulations and other legal requirements** . Further ~~, as discussed earlier in this " Risk Factors " section~~ , the disruption occasioned by the coronavirus pandemic caused our average net monetization per unit to fall materially in the second quarter of 2020 because the proportional discounts we provided to dealers on subscription- based billing arrangements on average exceeded the proportional decrease in their units. ~~For more information on the impact of the pandemic on our business, refer to the risk factor " The coronavirus pandemic and the responses to it by governments, organizations and individuals materially and negatively affected our business. We cannot predict the extent to which our business may be disrupted by it and its effects in the future. "~~ Because our revenue sharing arrangements with our affinity partners are typically tied to our average net monetization, a decrease in this metric negatively affects the per- unit revenues that those partners receive from their partnership with us, and the decrease in our average net monetization could result in any of the adverse actions by affinity partners referred to above. **In addition, when the quality of leads we provide declines, such as the declines in quality following the coronavirus pandemic and subsequent inventory shortages, the negative impact on the revenue of our affinity partners could harm our relationships with such affinity partners and our business and financial performance could be adversely affected.** A significant change to our relationships with affinity group marketing partners may have a negative effect on our business in other ways. For example, the termination by an affinity group marketing partner of our relationship may create the perception that our products and services are no longer beneficial to the members of affinity groups or a more general negative association with our business. In addition, a termination by an affinity group marketing partner may result in the loss of the data it provided to us about automobile transactions. This loss of data may decrease the quantity and quality of the information that we provide to consumers and may also reduce our ability to identify transactions for which we can invoice dealers. If our relationships with affinity group marketing partners change, our business, revenue, operating results and prospects may be harmed. Our primary source of revenue consists of fees paid by TrueCar Certified Dealers to us in connection with the opportunity to sell automobiles to our users. In addition, our value proposition to consumers depends on our ability to provide pricing information on automobiles from a sufficient number of automobile dealers by brand and in a given consumer' s geographic area. If our relationships with our network of TrueCar Certified Dealers suffer harm in a manner that leads to the departure of these dealers from our network, then our revenue and ability to maintain and grow unique visitor traffic would be adversely affected. For example, at the end of 2011 and the beginning of 2012, due to regulatory and publicity- related challenges, many dealers canceled their agreements with us and our franchise dealer count fell from 5, 571 at November 30, 2011 to 3, 599 at February 28, 2012. In 2015, 279 franchise dealers became inactive as the result of a contractual dispute with a large dealer group, and our franchise dealer count decreased from 9, 300 at June 30, 2015 to 8, 702 at September 30, 2015. At December 31, ~~2022~~ **2023** , our franchise dealer count was ~~7~~ **8** , ~~924~~ **232** . TrueCar Certified Dealers have no contractual obligation to maintain their relationship with us. Accordingly, these dealers may leave our network at any time or may develop or use other products or services in lieu of ours. Further, while we believe that our service provides a lower cost, accountable customer acquisition channel, dealers may have difficulty rationalizing their marketing spend across TrueCar and other channels, which may dilute our dealer value proposition. If we are unable to create and maintain a compelling value proposition for dealers to become and remain TrueCar Certified Dealers, our dealer network may fail to grow and the number of dealers in our network could decline. Similarly, if dealers come to view our products and services, in particular the products and services associated with TrueCar which we are currently rolling out to dealers, in a negative light, whether because they perceive them as competing with their own offerings or otherwise, our dealer network could be adversely affected. In addition, although the automobile dealership industry is fragmented, a small number of groups have significant influence over the industry, including state and national dealership associations, state regulators, car manufacturers, consumer groups, individual dealers and consolidated dealer groups. If any of these groups comes to believe that automobile dealerships should not do business with us, this belief could become quickly and widely shared by automobile dealerships, and we could lose a significant number of dealers in our network. For example, in 2015, the California New Car Dealers Association, or CNCDA, filed a lawsuit alleging that we were operating in the State of California as an unlicensed automobile dealer and autobroker. Although this litigation was ultimately settled, we cannot assure you that similar litigation will not be brought against us in the future. A significant number of automobile dealerships are also members of larger dealer groups, and if a group decides to leave our network, that decision would typically apply to all dealerships within the group. Furthermore, automobile manufacturers may provide their franchise dealers with financial or other marketing support on the condition that they adhere to certain marketing guidelines, and these manufacturers may determine that the manner in which certain dealers use our platform is inconsistent with the terms of those guidelines. That determination could result in potential or actual loss of the manufacturers' financial or other marketing support to the dealers whose use of the TrueCar platform is deemed objectionable. The potential or actual loss of marketing support could cause those dealers to cease being members of our TrueCar Certified Dealer network, which would adversely affect our ability to maintain or grow the number and productivity of dealers in our network or the revenue derived from those dealers. And, as discussed in greater detail in the risk factor " The loss of a significant affinity group marketing partner **, such as the termination of our partnership with USAA in 2020,** or a significant reduction in the number of cars purchased from our TrueCar Certified Dealers by members of our affinity group marketing partners would reduce our revenue and harm our operating results, " a majority of our units have historically been matched to the car- buying sites we maintain for our affinity group marketing partners, and any deterioration in our reputation or relationships with those partners could result in a number of adverse effects on our business. We cannot assure you that we will maintain strong relationships with the dealers in our network of TrueCar Certified Dealers or that we will not suffer dealer attrition in the future. We may also have disputes with dealers from time to time, including relating to the collection of fees from them and other matters. We may need to modify our products, change pricing or take other actions to address dealer concerns in the future. If a significant number of these automobile dealerships decide to leave our network or change their financial or business relationship with us, our business, growth, operating results, financial condition and prospects would suffer. Our business could be adversely affected by executive and other transitions in our senior management team or if any vacancies cannot be filled with qualified replacements in a timely manner. We **have recently experienced management turnover and** could face **additional** management turnover **in the future** , which could divert our remaining management team' s attention from key business areas and negatively affect our business in other ways. Although we generally enter into employment agreements with our executives, the agreements have no specific duration and our executive officers are at- will employees. As a result, they may terminate their employment relationship with us at any time, and we cannot ensure that we will be able to retain the services of any of them. Our senior management' s knowledge of our business and industry would be difficult to replace, and any further turnover could negatively affect our business, growth, financial conditions, results of operations and cash flows. We ~~have experienced management turnover such as this in the past. For example, in 2019, we~~ experienced significant ~~turnover~~ **changes** in our **management team** ~~top executives, including the departures of our chief executive officer, chief technology officer and chief marketing officer and the replacement of our chief financial officer, chief people officer and executive vice president of dealer solutions, and~~ in ~~2020~~ **2023 . In February 2023** , **we** ~~after nine months of service in an interim capacity, our board of directors~~ appointed ~~Michael Darrow as our chief executive officer. Also in 2020, in connection with the reorganization of our business discussed earlier in this " Risk Factors " section, we hired a new chief operating officer and chief consumer~~

~~officer, and our chief financial officer and chief accounting officer resigned. In 2021, we hired~~ a new chief financial officer ~~and a new head of product~~ , **transitioned** our **prior chief financial officer to** ~~executive vice president of dealer solutions departed and we terminated~~ the ~~employment~~ **role** of ~~our~~ chief operating officer ~~,~~ and **appointed a chief commerce officer, a newly created executive position that was later transitioned to the position of chief revenue officer. As described** in **the risk factor entitled " Actions that we have taken and may take in the future to restructure our business in alignment with our strategic priorities may not be as effective as anticipated, " in June** ~~2022~~ **2023** , **in connection with the Restructuring Plan, our former president and chief executive officer was terminated and resigned from our board of directors, and our chief operating officer was appointed as president and chief executive officer. In addition, in September 2023,** we ~~hired~~ **announced the replacement of both our chief financial officer and head of sales and the creation of** a new **position,** chief ~~people~~ **revenue** officer ~~and a new~~ **. Other executives that departed in 2023, whether in connection with the Restructuring Plan or otherwise, include our chief technology officer, chief communications officer,** head of ~~sales~~ **product, senior vice president of partnerships, senior vice president of business development and senior vice president of Digital Motors. Our senior vice president of data engineering departed at the beginning of the first quarter of 2024** . As a result of ~~this~~ turnover and open positions, our ~~remaining~~ management team ~~took~~ **has been required to take** on increased responsibilities **in the past and may be required to do so again in the future** . Management transitions are often difficult and inherently cause some loss of institutional knowledge and a learning curve for new executives, which could negatively affect our results of operations and financial condition. Our ability to execute our business strategies may be adversely affected by the uncertainty associated with any such transition, and the time and attention from the board and management needed to fill any vacant roles and train any new hires could disrupt our business. If we are unable to successfully identify and attract adequate candidates for any vacancies in our management roles in a timely manner, we could experience increased employee turnover and harm to our business, growth, financial conditions, results of operations and cash flows. We face significant competition for executives with the qualifications and experience we seek. The search for candidates for these positions has resulted, and may in the future result, in significant recruiting and relocation costs. ~~An inability to retain, attract and integrate qualified personnel could harm our ability to develop and successfully grow our business.~~ We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. The loss of key personnel, including members of management as well as key engineering, product and technology employees who understand our business and can innovate our products, could have an adverse effect on our business. Additionally, our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees, including our dealer, marketing, finance, accounting, legal and other personnel. Competition for qualified employees in our industry, particularly for software engineers, data scientists and other technical staff, is **often** intense, and we **have historically** ~~face~~ **faced** significant competition in hiring and retaining them **during competitive labor markets** . Moreover, we have in the past conducted reductions in force ~~that~~ **, including in 2023 in connection with the Restructuring Plan, and may undergo further reductions in the future as a result of our continued review of business needs, employee performance and other factors specific to our business as well as broader economic factors such as market demand for automotive products and services or advancements in technology. Recent as well as any future reductions** could adversely affect employee morale, retention ~~and~~ **,** recruiting efforts **and result in the incurrence of severance- related costs, as described in the risk factor entitled " Actions that we have taken and may take in the future to restructure our business in alignment with our strategic priorities may not be as effective as anticipated** . **"** We are also limited in our ability to recruit internationally by immigration and other laws. To attract and retain executives and other key employees in this competitive marketplace, we must provide competitive compensation packages, including cash and stock- based compensation. Our primary forms of stock- based incentive awards are time- based restricted stock units ~~,~~ **and** performance- based restricted stock units ~~and stock options~~ . Our stock price has long experienced substantial volatility, which may negatively impact the extent to which our stock- based compensation is viewed as a valuable benefit. Further, in response to the financial disruption caused by the coronavirus pandemic, we temporarily reduced executive base salaries and deferred employee bonuses, raises and promotions. Although these measures were temporary, executives' and other employees' bonuses have also been negatively affected by the disruptions we have faced in recent years, including the termination of the USAA partnership **in 2020** , the coronavirus pandemic and the automobile inventory shortage. The fact that we have taken these actions, and if we take any similar measures in the future, could hamper our recruiting and retention. Further, the equity incentive ~~plans~~ - **plan** under which we grant our employees stock- based compensation as well as the number of shares issuable thereunder ~~are~~ **is** subject to periodic stockholder approval, which may restrict our ability to authorize the number of stock- based incentive awards to the extent we believe necessary to compensate our employees. If our total compensation packages are not considered competitive, our ability to attract, retain and motivate executives and key employees could be weakened. If we do not succeed in attracting well- qualified employees, retaining and motivating existing employees or integrating new employees, our business could be materially and adversely **affected. Further, since the first quarter of 2020, all of our employees have been on work- from- home status, a transition that was initially implemented as a result of the coronavirus in accordance with orders of relevant governmental authorities. In the future, we may permit or require certain employees to return to our offices, which could create a transition period in which business is disrupted or employee attrition, morale and productivity is negatively** affected. We may fail to respond adequately to changes in technology and consumer demands that could lead to decreased demand for automobiles on our platform. In recent years, the market for motor vehicles has been characterized by rapid changes in technology and consumer demands. Self- driving technology, ride sharing, transportation networks and other fundamental changes in the automotive industry and transportation technology and infrastructure could have a substantial impact on consumer demand for the purchase or lease of automobiles. Moreover, if a broader nationwide shift toward work- from- home arrangements persists in the long term as a result of changes implemented in response to the coronavirus pandemic, consumer demand for cars could decrease. If we fail to respond adequately to a decline in the demand for automobile purchases, it could have a material adverse effect on our business, growth, operating results, financial condition and prospects. Additionally, we are not currently able to monetize transactions in which **a** ~~manufacturers~~ **manufacturer** ~~sell~~ **sells a** new automobile directly to a consumer without the involvement of a TrueCar Certified Dealer, as Tesla and some other electric car manufacturers do in certain states, for example. Some more traditional manufacturers, such as Ford, have indicated an intent to adopt certain operating standards pioneered by the electric car industry with respect to their own electric vehicles, such as offering their electric models at fixed prices and supplying dealers with lower inventory. Some manufacturers are also promoting " build- to- order " models in which consumers can order a car with preselected options and features from a manufacturer via a dealership. If these practices become widespread, there may be a decrease in dealers' and consumers' dependence on third party services such as ours that incorporate the inventory selection that a dealer has at a given time and rely on the ability of dealers to negotiate price with consumers. If we are not able to adjust our business model in response to these and other developments in the industry, including in response to changing consumer demands ~~during and after the coronavirus pandemic~~ , our business, growth, operating results, financial condition and prospects could be adversely affected. Our ability to enhance our current product offerings, or grow complementary product offerings, may be limited, which could negatively impact our growth rate, revenues and financial performance. As we introduce new offerings, or enhance existing products and services on our platform, for example, in connection with our rollout of TrueCar **or our efforts to create product experiences that are tailored to different consumer and dealer cohorts** , we may incur losses or otherwise fail to introduce these products or product enhancements successfully. Our attempts to do so may place us in competitive and regulatory environments with which we are unfamiliar and involve various risks, including the need to invest significant resources and the possibility that returns on these investments are not achieved for several years, if at all. In addition, we may not successfully demonstrate the value of these enhanced or complementary products to dealers or consumers, and failure to do so would compromise our ability to successfully expand our user experience and could harm our growth rate, revenue and operating performance. Further, key contractual counterparties, including our affinity group marketing partners and automobile manufacturers who participate in our incentive programs, are increasingly requiring that our products adhere to certain technical standards, including accessibility and security standards, more stringent than those that we believe are currently required by applicable law. Ensuring that our products adhere to these requirements could divert our attention from key initiatives and require the investment of a significant amount of resources and, if we are unsuccessful in implementing the standards, could negatively affect our reputation and contractual relationships, which could adversely affect our growth rate, revenue and financial and operating performance. **Finally, as discussed elsewhere in this " Risk Factors " section, the success of our platform depends in part on the utility it provides to consumers relative to the platforms of our competitors. If we are unable to incorporate features or technological advancements that become commonplace in other consumer- facing products, including those of our competitors, such as the integration of artificial intelligence, machine learning and other emerging technologies, our products may be viewed less favorably by consumers, and our business, growth rate and performance may suffer.** We may make product and investment decisions that do not prioritize short- term financial results and may not produce the long- term benefits that we expect. We may make product and investment decisions that do not prioritize short- term financial results if we believe that those decisions are consistent with our mission or will otherwise improve our financial performance over the long term. For example, we completed a long- term replatforming of our technology platform in 2018 that required a substantial dedication of resources over a sustained period of time and therefore caused a delay in pursuing other projects that may have had a more immediate financial impact. We also may introduce new features or other changes to existing products, or introduce new stand- alone products, that attract users away from products or use cases where we have more proven means of monetization. For example, in 2020, we introduced new consumer experiences that allow our users more control over the dealers to which their contact information is provided, the specific information so provided and the methods by which they are contacted. Although we believe that these experiences improved our product and will yield long- term financial benefits, in the short term, certain aspects of those new experiences had an incrementally negative impact on our monetization rates. Similarly, as discussed elsewhere in this " Risk Factors " section, we believe that the rollout of our TrueCar offering is critical to the long- term success of our business. However, we cannot assure you that we will do so successfully, or, if we do, that it will improve our business. These and other similar decisions may adversely affect our business and results of operations and may not produce the long- term benefits that we expect. Failure to maintain or increase our revenue, or to reduce our expenses as a percentage of revenue, would adversely affect our financial condition and profitability. We expect to make significant future investments to support the further development and expansion of our business and these investments may not result in increased revenue or growth on a timely basis or at all, and may not be sufficient to replace the revenue that we historically derived from our partnership with USAA or that we generated prior to the coronavirus pandemic and recent automobile inventory shortages, each as discussed elsewhere in this " Risk Factors " section. Furthermore, these investments may not decrease as a percentage of revenue if our business grows. In particular, we may continue to make substantial expenditures to acquire or develop and launch new products and enhance our existing products and services, continue to grow and train our network of TrueCar Certified Dealers and continue to upgrade and enhance our technology infrastructure. We also intend to continue investing to increase **both dealer and consumer** awareness of our brand, including channels such as television, video, digital, social, email, out- of- home, experiential and radio advertisements ~~, particularly in connection with the rollout of TrueCar~~ . There can be no assurance that these investments will have the effect of maintaining or increasing revenue or that we will eventually be able to decrease our expenses as a percentage of revenue, and failure to do so would adversely affect our financial condition and profitability. **Further, as a result of our transition to a remote workforce as described in the risk factor entitled " An inability to retain, attract and integrate qualified personnel could harm our ability to develop and successfully grow our business, " we also no longer require the amount of office space we did prior to the pandemic yet we continue to incur costs related to leases that were in place prior to our transition to a remote workforce. We have not yet successfully sublet or**

terminated all of our leases with respect to all such unused property, and we cannot guarantee that we will be able to do so in the future. We cannot predict whether we will be able to maintain or grow our business. If we are unable to successfully respond to changes in the market, our business could be harmed. Our business has grown when ~~users~~ **consumers** and automobile dealers have increasingly used our products and services. However, we cannot guarantee that we will be able to maintain or grow our business. We expect that our business will evolve in ways that may be difficult to predict. For example, marketing expenditures in certain situations become inefficient, particularly with respect to the TrueCar website and our branded mobile applications. Revenue growth may be dependent on a number of factors, including the success of our TrueCar offering or our ability to focus on increasing the number of transactions, subscriptions and other sources from which we derive revenue by growing our network of TrueCar Certified Dealers, including dealers representing high- volume brands, both on an overall basis and in important geographies, as well as growth in the revenue we derive from car manufacturer incentive programs. It is also possible that dealers could broadly determine that they no longer believe in the value of our services. For example, as described in greater detail in the risk factor **entitled** " ~~Low~~ **Our business is subject to risks related to the larger** ~~automobile~~ **automotive ecosystem, including** inventory **and global** supply **chain challenges** ~~levels adversely impact our business~~ , **labor** ~~results of operations~~ and **other issues** ~~prospects by increasing competition for dealers' marketing expenditures and reducing automobile manufacturers' incentive spending~~ , " the automobile inventory shortage in recent periods reduced the attractiveness of our value proposition to many dealers. In the event of these or any other developments, our continued success will depend on our ability to successfully adjust our strategy to meet the changing market dynamics. If we are unable to do so, our business could be harmed and our results of operations and financial condition could be materially and adversely affected. We rely on relationships with data providers and may experience interruptions in the data feeds or API services they provide, which could adversely affect our current and future product offerings, including TrueCar , and could limit our ability to provide our complete platform to our consumers and dealer customers as well as the timeliness of the information we provide, and which may impair our ability to attract or retain consumers and TrueCar Certified Dealers and to timely invoice our dealers, and otherwise negatively affect our business. We receive data that is important for our business, such as automobile purchase data, from many third- party data providers, including our network of TrueCar Certified Dealers; dealer management system, or DMS, data feed providers; data aggregators and integrators; survey companies; purveyors of registration data; our affinity group marketing partners; and other companies with which we partner from time to time. An interruption in our receipt of data from any of the data sources on which we rely could negatively affect our business. For example, in the circumstances in which we employ a pay- per- sale billing model, we use automobile purchase data to match purchases from TrueCar Certified Dealers so that we may collect transaction fees from those dealers and recognize revenue from the related transactions. We also use that data to demonstrate to TrueCar Certified Dealers on a subscription billing model the value we provide to support maintaining or increasing our subscription rates. From time to time, we experience interruptions in one or more data feeds that we receive from third- party data providers, particularly DMS data feed providers. These interruptions sometimes negatively affect our business, for example, by impacting our ability to timely invoice the dealers in our network. These interruptions may occur for a number of reasons, including changes to the software used by these data feed providers and difficulties in renewing our agreements with third- party data feed providers. If we are unable to renew data agreements as they expire, or use alternative data sources, and we experience a material disruption in the data provided to us, the information that we provide to our users and TrueCar Certified Dealers may be limited, the quality of this information may suffer, the user experience may be negatively affected and certain functionality on our platform may be disabled, and our business, financial condition, results of operations and cash flows would be materially and adversely affected. In the circumstances in which we employ a pay- per- sale billing model, an interruption in the automobile purchase data feeds that we receive may affect our ability to match automobile purchases made by our users from TrueCar Certified Dealers, thereby delaying our submission of an invoice to a dealer in our network for a given transaction and delaying the timing of cash receipts from the dealer, and in circumstances in which we employ a subscription billing model, an interruption in those data feeds may affect our ability to justify maintaining or increasing our subscription rates. The redundancies of automobile purchase data feeds received from multiple providers may not result in sufficient data to match automobile purchases made by our users from TrueCar Certified Dealers. In the case of an interruption in these data feeds, our billing structure may transition to a subscription model for affected automobile dealers in our network until the interruption ceases. However, our subscription billing model may result in lower revenues during an interruption and, when an interruption ceases, we may not be able to retroactively match a transaction and collect a fee. In addition, our likelihood of collecting the fee owed to us for a given transaction decreases for those periods during which we are unable to submit an invoice to automobile dealers. Interruptions that occur in close proximity to the end of a given reporting period could result in delays in our ability to recognize those transaction revenues in that reporting period and these shortfalls in transaction revenue could be material to our operating results. Finally, as described in greater detail in the risk factor **entitled** " If we are not successful in rolling out **new offerings, including** our TrueCar offering, providing a compelling value proposition to consumers **and dealers** using ~~that~~ **those** ~~offering~~ **offerings** , integrating our current and future offerings into ~~that~~ **such** ~~experience~~ **experiences** or appropriately monetizing ~~it~~ **them** , our business and prospects ~~could~~ **would** be adversely affected, " we depend on certain third- party providers of data and other services in providing our Access package of Trade and Payments solutions, and our TrueCar offering as well as our TrueCar Deal Builder and our ability to provide users with certain information about others pay for the same make and model of a car, all rely on a number of other third- party providers. If our access to any of these providers is interrupted, or if any of them ends or adversely alters its relationship with us or the data they provide, we may be required to modify or curtail features of our TrueCar and other existing offerings. We depend in part on Internet search engines such as Google and Bing to drive traffic to our website, both through organic search results and the purchase of automotive and shopping- related keywords and phrases. For example, when a user types an automotive- related term into an Internet search engine, we rely on a high organic search ranking of our webpages in these search results to refer the user to our website. However, our ability to maintain high, non- paid search result rankings is not within our control. Our competitors' Internet search engine optimization efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies in a way that adversely affects our search result rankings. If Internet search engines modify their search algorithms in ways that are detrimental to us, or if our competitors' search engine optimization efforts are more successful than ours, overall growth in our user base could slow, our user base could decline or we could attract a less in- market user base. Internet search engine providers could provide automobile dealer and pricing information directly in search results, align with our competitors or choose to develop competing services. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. We also purchase automotive- related keywords by anticipating what words, terms and phrases consumers will use to search for car purchases on search engines and then bid on those words and terms in the search engines' auction systems. Search engines frequently update and change the logic that determines the placement and ordering of results on a user' s search, which may reduce the effectiveness of the keywords we have purchased. **Search engines also frequently change and optimize the amount and placements of advertisements on a search results page which may impact the quantity and quality of traffic to our website.** Further, we bid against our competitors and other advertisers for preferred placement on the search engines' results pages. Many of our competitors have greater resources with which to bid and better brand recognition and consumer visibility than we do. We experience competition for paid advertisements, which increases the cost of paid Internet search advertising and as a result **,** our marketing and advertising expenses. Search engines may also adopt a more aggressive auction- pricing system for keywords that causes us to incur higher advertising costs or reduces our market visibility to prospective users. If paid search advertising costs increase or become cost- prohibitive, whether because of increased competition, pricing system changes, algorithm changes or otherwise, our advertising expenses could rise significantly or we could reduce or discontinue our paid search advertisements. Moreover, the use of voice recognition technology ~~like~~ **such as** Alexa, Google Assistant ~~or~~ **and** Siri **or the implementation of artificial intelligence into existing search engines such as Bing and Google** may drive traffic away from **traditional** search engines, which could reduce traffic to our website. Any reduction in the number of users directed to our website through Internet search engines could harm our business and operating results. Our users may in some cases require dealers who wish to communicate with them other than by email to communicate by text message rather than by calling. If consumers or dealers do not see value in this functionality, or if it results in privacy concerns, our business could be negatively affected. We allow some of our users to choose how dealers contact them other than by email, whether both by telephone and by text message or only by text message. We believe that allowing users to select their methods of communication is beneficial to both consumers and dealers, but we cannot assure you that they will agree. To the extent that dealers perceive text- message connections to be less valuable, for example because dealers believe that they are able to sell fewer cars to our users when using it, our business and results of operations could be negatively affected. Additionally, we use a third- party vendor to facilitate text message communications between our users and dealers, and we have access to those communications. If either we, or our third- party vendor, are perceived to violate our dealers' or users' privacy in connection with those communications, or any law or regulation that applies to those communications, our reputation and business could be harmed. For more information on this type of risk, refer to the risk factor **entitled** " We collect, process, store, share, disclose and use personal information and other data, and our actual or perceived failure to protect this information and data could damage our reputation and brand and harm our business and operating results. " The success of our business relies heavily on our marketing and branding efforts, especially with respect to the TrueCar website and our branded mobile applications, as well as those efforts of the affinity group marketing partners whose websites we power, and these efforts may not be successful. We believe that the TrueCar website and our TrueCar- branded mobile applications are important components of the growth of our business. Because TrueCar. com is a consumer brand, we rely heavily on marketing, communications and advertising to increase the visibility of this brand with potential users of our products and services. We have historically advertised and intend to continue advertising in the future through a combination of television marketing campaigns, digital and online media, sponsorship programs and other means, the goals of which are to increase the strength and recognition of, and trust in, the TrueCar brand and to drive more unique visitors to our website and mobile applications, and we expect to continue to advertise in support of our branding initiatives and future product launches. For more information on this initiative, see the risk factor **entitled** " If consumers and dealers do not respond positively to our branding, our financial performance and our ability to grow unique visitor traffic and expand our dealer network could be negatively affected. " We incurred expenses of $ **99. 1 million and $** 104 ~~. 5 million and $ 136~~ . 5 million on sales and marketing during the years ended **2023 and** 2022 ~~and 2021~~ , respectively. We strive to decrease incremental user acquisition costs by **optimizing our marketing spend across various channels and** scaling our business and revenues. In the past, our revenue growth has been highly influenced by marketing expenditures. In part because of our reliance on a subscription- based billing model, incremental marketing expenditures may not result in sufficient revenue to permit the recovery of incremental user acquisition costs through revenue growth. This limits the growth in revenue that can be achieved through marketing expenditures. If we are unable to recover our marketing costs through increases in user traffic and in the number of transactions by users of our platform, our growth, results of operations and financial condition could be materially adversely affected. Additionally, if we discontinue our broad marketing campaigns or elect to reduce our sales and marketing costs to decrease our losses, as we did at the beginning of the coronavirus pandemic, our ability to acquire consumers and dealers and grow our revenues would be adversely affected. Further, the ~~ongoing~~ industry- wide vehicle inventory shortages that began in 2021 resulted in increased vehicle prices that required us to discontinue long- running, high- performing advertising messages about the amount of savings that our users typically save off of the manufacturers' suggested retail price, which we believe reduces the effectiveness of our advertising. For more information on these inventory shortage, see the risk factor " ~~Low~~ **Our business is subject to risks related to the larger** ~~automobile~~ **automotive ecosystem, including** inventory **and global** supply **chain challenges** ~~levels adversely impact our business~~ , **labor** ~~results of operations~~ and **other issues**

~~prospects by increasing competition for dealers' marketing expenditures and reducing automobile manufacturers' incentive spending~~. " Our current and potential competitors may also have significantly more financial, marketing and other resources than we have and the ability to devote greater resources to the promotion and support of their products and services. The realities of competing for users and brand visibility, as well as ensuring the satisfaction of our dealers, may limit our ability to reduce our own marketing expenditures, potentially negatively impacting our operating margins and financial results. Moreover, the number of transactions generated by the members of our affinity group marketing partners depends in part on the emphasis that these affinity group marketing partners place on marketing the purchase of cars within their **platforms as well as third-party advertising** platforms. Should one or more of our affinity group marketing partners decide to deemphasize the marketing of our platform, or if their marketing efforts are otherwise unsuccessful, our revenue, business and financial results would be harmed. Finally, as noted above, we rely in part on digital and online media for our marketing efforts. Historically, this has involved, among other things, collecting, tracking, using and sharing certain personal data of consumers who interact with our webpages or application. The protection of the privacy of consumers' data is a topic of heightened national political and commercial attention in a rapidly- changing landscape. The developments resulting from this heightened attention include, in addition to the legal and regulatory changes discussed in greater detail elsewhere in this " Risk Factors " section, numerous actual and potential actions by private entities to protect consumers' data privacy. For example, recent versions of Apple' s iOS software require all applications on iPhones running that operating system to request permission from users before using their personal data. Because of this, Meta and other companies have restricted our ability to use the data of users of their platforms who are directed to our webpages or application. These restrictions have negatively impacted the effectiveness of our digital marketing, and we expect that similar future restrictions imposed on us by other third parties similar to Apple and Meta could have similar impacts, which may lead us to redirect resources to other marketing channels. We cannot guarantee that we will be able to mitigate the negative effects of these and other similar changes, and failure to do so could harm our revenue, business, operating margins and financial results. **If consumers and dealers do not respond positively to our branding, our financial performance and our ability to grow unique visitor traffic and expand our dealer network could be negatively affected.** We regularly expend resources on the preservation and refreshment of our branding. For example, in 2020, shortly before the onset of the coronavirus pandemic, we launched a rebranding campaign that included a change in our logo and extensive advertising and promotional activity and we plan to engage in additional branding campaigns in connection with the rollout of our TrueCar offering ~~. We also refreshed our go- to- market tagline in the first quarter of 2022~~. We cannot guarantee that any given investment in our branding will improve our brand recognition or otherwise result in benefits that outweigh its costs. If consumers and dealers do not respond positively to our branding, our sales, performance and consumer and dealer relationships could be adversely affected. Moreover, maintaining and enhancing our brand largely depends on the success of our efforts to maintain the trust of our users and TrueCar Certified Dealers and to deliver value to each of our users and TrueCar Certified Dealers. If our existing or potential users come to perceive that we are not focused primarily on providing them with a better car- buying experience, or if dealers do not perceive us as offering a compelling value proposition, our reputation and the strength of our brand would be adversely affected. Complaints or negative publicity about our business practices, our marketing and advertising campaigns, our compliance with applicable laws and regulations, the integrity of the data that we provide to users, our approach to data privacy and security issues and other aspects of our business, irrespective of their validity, could diminish users' and dealers' confidence in and use of our products and services and adversely affect our brand. These concerns could also diminish the trust of existing and potential affinity group marketing partners. There can be no assurance that we will be able to maintain or enhance our brand, and failure to do so could harm our business growth prospects and operating results. We participate in a highly competitive market, and pressure from existing and new companies may adversely affect our business and operating results. We face significant competition from companies that provide vehicle inventory listings, vehicle information, lead generation and car- buying services designed to reach consumers and enable dealers to reach these consumers. Our competitors offer various products and services that compete with us. Some of these competitors include: • Internet search engines and online automotive sites such as Google, Amazon ~~- hosted digital automotive showrooms~~, Autotrader. com, eBay Motors, AutoWeb. com (formerly Autobytel. com), KBB. com, CarSaver. com, CarGurus. com and Cars. com; • sites operated by **OEMs** ~~automobile manufacturers~~ such as General Motors and Ford; • online automobile retailers such as Carvana, ~~Vroom,~~ CarMax (and its subsidiary Edmunds) and **DriveTime** ~~Shift Technologies;~~ • providers of offline, membership- based car-buying services such as the Costco Auto Program; and • offline automotive classified listings, such as trade periodicals and local newspapers. We compete with many of the companies that provide the above- mentioned products and services, among other companies, for a share of car dealers' overall marketing budget for online and offline media marketing spend. If car dealers come to view alternative marketing and media strategies to be superior to us, we may not be able to maintain or grow the number of TrueCar Certified Dealers and our TrueCar Certified Dealers may sell fewer cars to users of our platform, and our business, operating results and financial condition will be harmed. We also expect that new competitors will continue to enter the automotive retail industry with competing products and services, which could have an adverse effect on our revenue, business and financial results. Our competitors could significantly impede our ability to expand and optimize our network of TrueCar Certified Dealers and to reach consumers. Our competitors may also develop and market new technologies, including end- to- end consumer car- buying experiences that may compete with our TrueCar offering, that render our existing or future products and services less competitive, unmarketable or obsolete. Moreover, if our competitors develop products or services with similar or superior functionality to our solutions, we may need to decrease the prices for our solutions in order to remain competitive. If we are unable to maintain our current pricing structure due to competitive pressures, our revenue will be reduced and our operating results will be negatively affected. Our current and potential competitors may have significantly more financial, technical, marketing and other resources than we have, and the ability to devote greater resources to the development, promotion and support of their products and services. Additionally, they may have more extensive automotive industry relationships, longer operating histories and greater name recognition than we have. As a result, these competitors may be better able to respond more quickly with new technologies **, such as artificial intelligence, machine learning** and **other emerging technologies. Our competitors may also be able to leverage their resources and relationships** to undertake more extensive marketing or promotional campaigns. Further, if any of our competitors have existing relationships with dealers or automobile manufacturers for marketing or data analytics solutions, those dealers and automobile manufacturers may be unwilling to continue to partner with us. If we are unable to compete with these companies, the demand for our products and services could substantially decline. In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could 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 harm our revenue, business and financial results. Further, our competitors may face challenges to their businesses distinct from the challenges we face, because of, among other things, the differences in the products and services offered by our competitors compared to those we offer, or because of the differences in the business and financial strategies of our competitors compared to our own. In some cases, particularly with respect to competitors whose business or financial challenges garner significant publicity, this could result in increased skepticism from consumers, dealers and investors of our own business and products, including our TrueCar service, as our product and services, or our industry generally may come to be viewed in a negative light. Further, to the extent we generate revenue from doing business with certain of our competitors, such as our competitors that list their own vehicles on our platform, our own revenue may decline as a result of challenges to the business of our competitors. ~~We are subject to a complex framework of laws and regulations, including, among others, those concerning vehicle sales, advertising and brokering, many of which are unsettled, still developing and contradictory, which have in the past, and could in the future, subject us to claims, challenge our business model or otherwise harm our business.~~ Various aspects of our business are or may be subject, directly or indirectly, to U. S. laws and regulations. Failure to comply with those laws or regulations may result in the suspension or termination of our ability to do business in affected jurisdictions or the imposition of significant civil and criminal penalties, including fines or the award of significant damages against us and our TrueCar Certified Dealers in class action or other civil litigation. Motor Vehicle Sales, Advertising and Brokering Laws The advertising and sale of new or used motor vehicles is highly regulated by the jurisdictions in which we do business. Although we do not sell motor vehicles **to consumers** , regulatory authorities or third parties could take the position that **certain** ~~some of the~~ regulations applicable to dealers ~~or~~ **who sell motor vehicles** to **consumers or** the manner in which motor vehicles are advertised and sold generally are directly applicable to our business. If our products or services are determined not to comply with relevant regulatory requirements, we or our TrueCar Certified Dealers could be subject to significant civil and criminal penalties, including fines, or the award of significant damages in class action or other civil litigation, as well as orders interfering with our ability to continue providing our products and services in certain jurisdictions. In addition, even without a determination that our products or services do not comply with relevant regulatory requirements, if dealers are uncertain about the applicability of those laws and regulations to our business, we may lose, or have difficulty increasing the number of, TrueCar Certified Dealers in our network, which would adversely affect our future growth. Several jurisdictions in which we do business have laws and regulations that strictly regulate or prohibit the brokering of motor vehicles or the making of so- called " bird- dog " payments by dealers to third parties in connection with the sale of motor vehicles through persons other than licensed salespersons. If our products or services are determined to fall within the scope of those laws or regulations, we may be forced to implement new measures, which could be costly, to reduce our exposure to those obligations, including the discontinuation of certain products or services in affected jurisdictions. Additionally, if regulators conclude that our products or services fall within the scope of those laws and regulations, we or our TrueCar Certified Dealers could be subject to significant civil or criminal penalties, including fines, or the award of significant damages in class action or other civil litigation. In addition to generally applicable consumer protection laws, many jurisdictions in which we do business have laws and regulations that specifically regulate the advertising for sale of new or used motor vehicles. These advertising laws and regulations are frequently subject to multiple interpretations and are not uniform from jurisdiction to jurisdiction, sometimes imposing inconsistent requirements on the advertiser of a new or used motor vehicle. If the content displayed on the websites we operate is determined or alleged to be inaccurate or misleading, under motor vehicle advertising laws, generally applicable consumer protection laws or otherwise, we could be subject to significant civil and criminal penalties, including fines, or the award of significant damages in class action or other civil litigation. Moreover, allegations like these, even if unfounded or decided in our favor, could be extremely costly to defend, could require us to pay significant sums in settlements and could interfere with our ability to continue providing our products and services in certain jurisdictions. From time to time, certain authorities, dealer associations and others have taken the position that aspects of our products and services violate brokering, " bird- dog " or advertising laws. When these allegations have arisen, we have endeavored to resolve the identified concerns on a consensual and expeditious basis, through negotiation and education efforts, without resorting to the judicial process. In some instances, we have nevertheless been required to suspend all or certain aspects of our business operations in a jurisdiction pending the resolution of these issues, the resolution of which included the payment of fines in 2011 and 2012 in an aggregate amount of approximately $ 26, 000. For example, in the beginning of 2012, following implementation of our first nationwide television advertising campaign, regulatory inquiries into the compliance of our products and services with brokering, " bird- dog " and advertising laws intensified to a degree we had not previously experienced. Responding to and resolving these inquiries, as well as our efforts to ameliorate the related adverse publicity and loss of TrueCar Certified Dealers from our network, resulted in decreased revenues and increased expenses and, accordingly, increased our losses during much of 2012. Further, as we expand our business model to offer new products or services, we may become subject to motor vehicle sales, advertising and brokering laws that have not historically applied to our business and with which we are not operationally experienced. For example, ~~as we~~ **following the** wind down **of** our commercial relationship with Accu- Trade as discussed in the risk factor entitled " If we are not successful in rolling out **new offerings, including** our TrueCar offering, providing a compelling value proposition to consumers and dealers using ~~that~~ **those** ~~offering~~ **offerings** , integrating our current and future offerings into ~~that~~ **such** ~~experience~~ **experiences** or appropriately monetizing ~~it~~ **them** , our business and prospects would be adversely affected, " we **now** ~~intend to~~ provide certain services to our dealers and users with the support of our affiliate, **TCWS** ~~TrueCar Wholesale Solutions, Inc.~~ , instead of Accu- Trade. This ~~will~~ **has** ~~result~~ **resulted** in **TCWS** ~~TrueCar Wholesale Solutions, Inc.~~ being subject to laws and regulatory schemes with which we have no previous operational experience. It may also result in TrueCar, Inc. being subject to laws and regulatory schemes that were not previously applicable to our business. Actions Brought by Regulators and Other Governmental Authorities **In the past, we have received notices and been subject to investigations from regulators in Texas, Mississippi, California and Ohio. In each case, we responded to the notices and / or investigations and no further action has been taken. As a result, we consider the issues raised to be informally resolved, but we cannot assure you that these matters or similar matters will not reemerge in the future. Further detail with respect to each such action is described below. • Texas:** In 2015, we received a letter from the Texas Department of Motor Vehicles, which we refer to as the Texas DMV Notice, asserting that certain aspects of our advertising in Texas constituted false, deceptive, unfair or misleading advertising within the meaning of applicable Texas law. We then responded to the Texas DMV Notice in an effort to resolve the concerns raised by the Texas DMV Notice without making material, unfavorable adjustments to our business practices or user experience in Texas. In light of the fact that no further action has been taken with respect to this matter following our response to the Texas DMV Notice, we consider the issues raised by the Texas DMV Notice to be informally resolved, but we cannot assure you that this matter or similar matters will not reemerge in the future. **• Mississippi:** In 2016, we received a letter from the Mississippi Motor Vehicle Commission, which we refer to as the Mississippi MVC Letter, asserting that an aspect of our advertising in Mississippi was not in compliance with a regulation adopted by the Mississippi Motor Vehicle Commission. We responded to the Mississippi MVC Letter in an effort to resolve the concerns raised by the Mississippi MVC Letter without making material, unfavorable adjustments to our business practices or user experience in Mississippi. In light of the fact that no further action has been taken with respect to this matter following our response to the Mississippi MVC Letter, we consider the issues raised by the Mississippi MVC Letter to be informally resolved, but we cannot assure you that this matter or similar matters will not reemerge in the future. **• California:** Also in 2016, we met with investigators from the California Department of Motor Vehicles, or the California DMV, regarding an allegation made by a dealer that we were operating as an unlicensed automobile auction in California, which we refer to as the Unlicensed Auction Allegation. We provided the investigators with information about our business in an effort to resolve the concerns raised by the Unlicensed Auction Allegation. Later that year, we were informally advised by an investigator for the California DMV that the concerns raised by the Unlicensed Auction Allegation had been resolved, but that the investigators will continue to evaluate our responses regarding certain matters related to the advertising of new motor vehicles. In light of the fact that no further action has been taken with respect to this matter, we consider the issues raised by the Unlicensed Auction Allegation to be informally resolved, but we cannot assure you that this matter or similar matters will not reemerge in the future. **• Ohio:** In 2017, we received an investigatory subpoena from the Consumer Protection Section of the Office of the Attorney General of the State of Ohio issued pursuant to the Ohio Consumer Sales Practices Act. The investigatory subpoena requested certain information about online content we displayed related to vehicles listed for sale by TrueCar Certified Dealers in Ohio. We responded to the investigatory subpoena and supplied the information it sought. In light of the fact that no further action has been taken with respect to this matter subsequent to our response to the investigatory subpoena, we consider this matter to be resolved, but we cannot assure you that this matter or similar matters will not reemerge in the future. Actions Brought by Dealers, Consumers and Other Third Parties **• CNCDA Litigation:** In 2015, we were named as a defendant in a lawsuit filed by the CNCDA in the California Superior Court for the County of Los Angeles. The complaint sought declaratory and injunctive relief based on allegations that we were operating in the State of California as an unlicensed automobile dealer and autobroker. In 2017, the parties entered into a binding settlement agreement to fully resolve the lawsuit, and the litigation was dismissed. **• California Dealer Litigation:** Also in 2015, we were named as a defendant in a lawsuit filed in the California Superior Court for the County of Los Angeles by numerous dealers participating on the TrueCar platform. The complaint, as subsequently amended, sought declaratory and injunctive relief based on allegations that we were engaging in unfairly competitive practices and were operating as an unlicensed automobile dealer and autobroker in contravention of various state laws. Later that year, the plaintiffs voluntarily dismissed this lawsuit " without prejudice, " which means that while this litigation is currently resolved, it could be re- commenced at a later date. ~~Also in~~ **• California Consumer Class Action: In** 2015, we were named as a defendant in a putative class action lawsuit filed by Gordon Rose in the California Superior Court for the County of Los Angeles, which we refer to as the California Consumer Class Action. The complaint asserted claims for unjust enrichment, violation of the California Consumer Legal Remedies Act and violation of the California Business and Professions Code, based in part on allegations that we are operating in the State of California as an unlicensed automobile dealer and autobroker. After the trial and appellate courts rejected the plaintiff' s motion for class certification, he voluntarily dismissed the remainder of his case, meaning that the California Consumer Class Action is currently resolved. **• Haas Class Action:** In 2017, we were named as a defendant in a putative class action filed by Kip Haas in the U. S. District Court for the Central District of California. The complaint asserted claims for violation of the California Business and Professions Code, based principally on allegations of false and misleading advertising and unfair business practices. The complaint sought an award of unspecified damages, interest, injunctive relief and attorney' s fees. Later that year, the parties entered into a binding settlement agreement, and the litigation was dismissed. * * * If regulators or other third parties take the position in the future that our products or services violate applicable brokering, " bird- dog " or advertising laws or regulations, responding to those allegations could be costly, require us to pay significant sums in settlements, require us to pay civil and criminal penalties, including fines, interfere with our ability to continue providing our products and services in certain jurisdictions or require us to make adjustments to our products and services or the manner in which we derive revenue from our participating dealers, any or all of which could result in substantial adverse publicity, loss of TrueCar Certified Dealers from our network, decreased revenues, increased expenses and decreased profitability. Insurance Regulatory Laws The advertising and sale of automobile insurance is highly regulated by the jurisdictions in which we do business. Although we do not sell insurance, certain of our partners sell insurance to the public in general, and may sell insurance to our users in particular. Further, we enter into arrangements with certain such partners from time to time pursuant to which we receive fees based in whole or in part on the volume of our users who choose to interact with those partners. We cannot guarantee you that regulatory authorities or third parties will not take the position that some of the regulations applicable to insurance brokers or to the manner in which insurance products are advertised or sold generally 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, which could be costly, to reduce our or their exposure to those obligations, including the discontinuation 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 significant civil and criminal penalties, including fines, or the award of significant damages in class action or other 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 those laws or regulations or do not comply their requirements, if any of our current or prospective affinity or other partners is uncertain about the applicability of those laws and regulations to our business, those partners may terminate or curtail 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, decreased revenues, increased expenses and decreased profitability. Laws Relating to Financial Products The provision of financial products, including related to the purchase **, financing** or lease of automobiles, is highly regulated by the jurisdictions in which we do business. Although we do not provide ~~financial~~ **financing** ~~products~~ **or extend credit to consumers** , certain of our partners provide automobile financing or other financial products to the public in general, and may provide automobile financing products to our users in particular ~~, including~~ **. In connection with certain of the** products ~~that may involve a credit application~~ **provided by these commercial partners,** ~~or~~ **our** ~~access~~ **platform collects and transmits certain information related** to consumer credit ~~scores~~ **applications** . Further, we enter into arrangements with certain such partners from time to time pursuant to which we receive fees based in whole or in part on the volume of our users who choose to interact with those partners, including arrangements based upon the volume of our users who complete transactions with those partners. We cannot assure you 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, including products or services that we may offer in the future, are determined to fall within the scope of those laws or regulations ~~, we~~ **in a manner that would require us** or our partners ~~may be required~~ to implement ~~new~~ **additional** measures to comply with these laws and regulations, ~~which could~~ **we may** be ~~costly,~~ **forced to incur additional compliance costs** 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 other 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~~ **are not in compliance** ~~within~~ -- **with** ~~the scope of~~ those ~~laws~~ - **law** or regulations ~~or do not comply their requirements~~ , if any of our current or prospective affinity or other partners is uncertain about the applicability of ~~those~~ **such** laws and regulations to our business, those partners may terminate or curtail 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. Federal Advertising Regulations The Federal Trade Commission, or the FTC, has authority to take actions to remedy or prevent advertising practices that it considers to be unfair or deceptive and that affect commerce in the United States. If the FTC takes the position in the future that any aspect of our business constitutes an unfair or deceptive advertising practice, responding to those allegations could require us to pay significant damages, settlements and civil penalties, or could require us to make adjustments to our products and services, any or all of which could result in substantial adverse publicity, loss of participating dealers, lost revenues, increased expenses and decreased profitability. In March 2015, we were named as a defendant in a lawsuit purportedly filed on behalf of numerous automotive dealers who ~~are~~ **were** not on the TrueCar platform in the U. S. District Court for the Southern District of New York. The complaint sought injunctive relief in addition to over $ 250 million in damages based on allegations that we violated the Lanham Act as well as various state laws prohibiting unfair competition and deceptive acts or practices related to our advertising and promotional activities. In July 2019, the court granted our motion for summary judgment as to the plaintiffs' Lanham Act claim and, in light of the dismissal of the plaintiffs' sole federal claim, the court declined to exercise supplemental jurisdiction over their state- law claims and therefore dismissed them without prejudice. **In 2023, the FTC announced a rule that set forth new requirements with respect to the sale, financing and leasing of new and used vehicles by dealers as well as the advertising of such vehicles by dealers. While the implementation of the rule, referred to as the Combating Auto Retail Scams Trade Regulation Rule, or CARS Rule, was postponed by the FTC in January 2024 in response to pending legal challenges, if the CARS Rule goes into effect and the FTC takes the position that any aspect of our business does not comply with relevant regulatory requirements of the CARS Rule, we could be required to pay significant damages, settlements and civil penalties, or we could be required to make adjustments to our products and services, any or all of which could result in substantial adverse publicity, loss of participating dealers, lost revenues, increased expenses and decreased profitability.** Federal Antitrust Laws The antitrust laws prohibit, among other things, any joint conduct among competitors that would lessen competition in the marketplace. Some of the information that we obtain from dealers is competitively sensitive and, if disclosed inappropriately, could potentially be used by dealers to impede competition or otherwise diminish independent pricing activity. A governmental or private civil action alleging the improper exchange of information, or unlawful participation in price maintenance or other unlawful or anticompetitive activity, even if unfounded, could be costly to defend and adversely impact our ability to maintain and grow our dealer network. In addition, governmental or private civil actions under the antitrust laws could result in orders suspending or terminating our ability to do business or otherwise altering or limiting certain of our business practices, including the manner in which we handle or disclose dealer pricing information, or the imposition of significant civil or criminal penalties, including fines or the award of significant damages against us and our TrueCar Certified Dealers in class action or other civil litigation. Privacy Laws We are subject to a variety of laws and regulations that relate to privacy, data protection and personal information, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation and enforcement of these laws and regulations are often uncertain, and may be interpreted and applied inconsistently from jurisdiction to jurisdiction and inconsistently with our current practices and policies. For example, legislative or regulatory actions affecting the manner in which we display content to our users, use or share information or obtain consent to use or share information could adversely affect the manner in which we provide our services or adversely affect our financial results. For more information concerning these and other similar potential actions, refer to the risk factor " We collect, process, store, share, disclose and use personal information and other data, and our actual or perceived failure to protect this information and data could damage our reputation and brand and harm our business and operating results. " The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to continuous change. The enactment of new laws and regulations or the interpretation of existing laws and regulations in an unfavorable way may affect the operation of our business, directly or indirectly, which could result in substantial regulatory compliance costs, civil or criminal penalties, including fines, adverse publicity, loss of participating dealers, lost revenues, increased expenses and decreased profitability. Further, investigations by government agencies, including the FTC, into allegedly anticompetitive, unfair, deceptive or otherwise unlawful business practices by us or our TrueCar Certified Dealers, could cause us to incur additional expenses and, if adversely concluded, could result in substantial civil or criminal penalties and significant legal liability. Finally, the evolution of our business, in particular in connection with the development and implementation of our TrueCar offering, could implicate additional regulatory frameworks with which we have not had prior experience. For example, regulators could take the position that our permitting consumers to use our technology solutions and interactive platform to arrange with our dealers for transportation of vehicles they purchase from those dealers implicates regulations enforced by the Federal Motor Carrier Safety Administration. Further, some states have enacted laws which prohibit the sale of certain items, including cars, on specific days of the week. If a state were to conclude that the use of certain planned features of our TrueCar offering, such as the ability for a user to reserve a car and pay the purchase price online, on days affected by such laws would result in a violation of such laws, the ability of users to access these features could be diminished and the value of our TrueCar offering may be adversely affected. If any additional regulatory frameworks are finally determined to apply to our business, or if we are found for any reason not to comply with any applicable regulations, our business could be negatively impacted. Our business, TrueCar Certified Dealers and the automotive industry may be impacted by laws, regulations and other policies put in place in response to climate change. Federal, state and local governmental authorities have enacted, and will likely continue to enact initiatives aimed to mitigate the long- term impacts of climate change. Although some of these initiatives may not be directly applicable to our business, many impact the larger automotive ecosystem. For example, vehicle manufacturers are subject to government- mandated fuel economy and greenhouse gas, or GHG, emission standards, which continue to change and become more stringent over time. Substantial changes to fuel economy requirements or new restrictions on GHG emissions that may be imposed on vehicles and fuels could adversely affect consumer demand for vehicles or increase the costs of operations for manufacturers and dealers. We also cannot predict whether future regulations will be designed to apply directly to businesses such as ours, which may be viewed by regulators as promoting the use and consumption of fossil fuels. Consumers may also change their behavior as a result of concerns over climate change, including by seeking to reduce their reliance on automobiles generally or increasing demand for electric vehicles, some of which, as described elsewhere in ~~these~~ **this "** ~~risk~~ **Risk** ~~factors~~ **Factors " section** , are sold directly to consumers by manufacturers without the involvement of franchised dealers such as the TrueCar Certified Dealers on our network. Further, in March 2022, the SEC proposed broad rules requiring increased climate change- related disclosure in certain public company SEC filings **and, in October 2023, California' s governor signed two climate disclosure bills into law** , and while the full impact that these requirements may have on our own reporting obligations is not yet clear, any future increase in our reporting obligations from these ~~proposed~~ rules or future rules may require us to spend significant resources and divert management attention. We cannot guarantee that we will be able to successfully adapt our operations in response to any climate-related changes or comply with any increased reporting obligations in a cost- effective manner, and our business, financial condition and results of operations could be materially and adversely affected ~~received~~ **or business strategy other than through certain limited operational covenants set forth in the definitive documentation giving effect to the ALG divestiture** .Further,we acquired our Digital Motors subsidiary in the second quarter of 2022 in part to integrate certain features of its existing automotive retail and financial technology platform into our current and future product offerings,including our TrueCar offering.However,we cannot guarantee ~~that we will be able to successfully integrate some or any technology developed by Digital Motors into our own platforms or~~ that the benefits of any such integration will make our offerings more attractive to dealers and consumers.We also cannot guarantee that any benefits that result from our acquisition of Digital Motors or any other acquisition will outweigh the costs incurred due to the allocation of financial and other resources to such acquisition,or result in a meaningful return on our investment . We collect, process, store, share, disclose and use personal information and other data provided by consumers and dealers. We rely on encryption and authentication technology licensed from third parties to effect secure transmission of this information. From time to time, concerns have been expressed about whether our products, services or processes compromise the privacy of our users. Concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy- related matters, even if unfounded, could harm our business and operating results. There are many federal, state, local and foreign laws regarding privacy and the collection, processing, storage, sharing, disclosure, use or protection of personal information and other data. The scope of these laws is changing, they are subject to differing interpretations and they may be costly to comply with and may be inconsistent between countries and jurisdictions or conflict with other rules. Numerous jurisdictions in which we do business are currently considering, or have enacted, data protection legislation, most prominently, the California Consumer Privacy Act of 2018, which we refer to as the CCPA. The CCPA imposes sweeping data protection obligations on many companies doing business in California and provides for substantial fines for non- compliance and, in some cases, a private right of action for consumers who are victims of data breaches involving their unencrypted personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Moreover, California voters **approved the California Privacy Rights Act** in 2020 **, which** amended the CCPA to, among other things, further restrict information sharing, heighten penalties and establish a new governmental agency to enforce the CCPA. The CCPA has increased our compliance costs and potential liability. Modifications to our data processing practices and policies, products and consumer experience that we have made to comply with the CCPA and similar legislation, or that we may be required to make in the future as a result of the continuing changes to the requirements under that legislation or similar future legislation, may materially negatively impact our business, operating results, financial condition and prospects. Legislation similar to the CCPA has also passed **and has been proposed** in a number of other states. The potential effects of these states' legislation are far- reaching and may require us to incur substantial costs and expenses in an effort to comply, and it is unclear whether, and if so how, the United States Congress will respond to these overlapping, state- by- state enactments. Further, many laws, including the Telephone Consumer Protection Act of 1991, the CAN- SPAM Act of 2003 and the Pallone- Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence Act of 2019, regulate outbound contacts with consumers, such as phone calls, texts or emails. If we, or dealers on our network, are perceived to have violated these or other similar laws and regulations, our brand and reputation could be negatively affected and we could face potentially costly litigation **. There are also emerging cases in which plaintiffs have asserted novel claims under existing privacy and data security laws in the United States, such as federal and state wiretapping laws, in ways which may impact our ability to offer certain products or employ widely used technologies that allow website and mobile app operators to understand how their users interact with their services. The outcome of these cases could cause us to make changes to our products or operations to avoid costly litigation, government enforcement actions, damages, and penalties under these laws, which could adversely affect our business, results of operations, and our financial condition** . Our business operations and data handling procedures are based on industry standards. We maintain and update privacy and information security policies and employ an audit and assurance program designed to ensure that we comply with privacy and security- related obligations to third parties. We strive to monitor the changing regulatory environment and to address the new requirements of applicable laws and regulations and other mandatory obligations relating to privacy and data protection. However, it is possible that these obligations may be interpreted and applied in new ways or in a manner that is inconsistent from one jurisdiction to another, that they may conflict with other rules or our practices or that new regulations could be enacted. In addition to the increasing technical and financial burdens they impose on our business, the rapid legislative and other legal developments in this field create considerable uncertainties and impose substantial compliance costs and challenges. Any failure or perceived failure by us to comply with our privacy policies, our privacy- related obligations to consumers or other third parties or our privacy- related legal obligations, including those imposed by the CCPA and other state privacy laws, or any compromise of security that results in the unauthorized release or transfer of sensitive information, which may include personally identifiable information or other user data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others. Any of these consequences could cause consumers and automobile dealers to lose trust in us, which could have a material adverse effect on our business and prospects. Additionally, if vendors, developers or other third parties that we work with violate applicable laws or our policies, such violations may also put consumer or dealer information at risk and could in turn harm our reputation, business and operating results. **Security breaches** ~~We face litigation~~ and ~~are party~~ **improper access** to ~~legal proceedings that~~ **or disclosure of our data or user data, or other hacking and phishing attacks on our systems,** could ~~have a material~~ **harm our reputation and** ~~adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ our business ~~, financial condition, results of operations and cash flows~~ . ~~We are subject~~ **Our industry is prone** to ~~a variety of claims and lawsuits~~ **cyberattacks by third parties seeking unauthorized access to our data or users' data or to disrupt our ability to provide service** . ~~These claims may arise~~ **Any failure to prevent or mitigate security breaches and improper access to or disclosure of our data or user data, including personal information, content or payment information** from ~~a wide variety~~ **users, could result in the loss or misuse** of **such data, which could harm our** business ~~practices~~ and **reputation** ~~initiatives, including product innovations, the content~~ and **diminish** ~~functionality of the websites and mobile applications that we operate, our advertising practices and content, our use and storage of data, our use of intellectual property, M & A transactions and business transactions or~~ **our** ~~other business relationships~~ **competitive position. In addition** , **computer malware, viruses, social engineering (** such as **spear phishing attacks) and general hacking have become more prevalent in our industry, have occurred on our systems in** ~~those~~ -- **the** ~~with~~ **past and are likely to** ~~our~~ **occur on our systems in the future. Such attacks may cause interruptions to the services we provide, degrade the user experience, cause** users **to lose confidence** ~~, participating dealers, affinity partners, OEM partners, licensors, licensees landlords, tenants~~ and **trust in our products, impair our internal systems or result in financial harm to us. Further, these risks could be heightened by the fact that most of our** employees **work from home** . **Our efforts to protect**

~~Additionally, as a public company, we face the risk of stockholder lawsuits, particularly if we experience declines in the price of our common stock. Adverse outcomes in any claim or~~ **our** ~~lawsuit against us~~ **data or the data we receive** could **also be unsuccessful due to software bugs** ~~result in significant monetary damages or injunctive relief that could adversely affect our~~ - **or** ~~ability to conduct~~ **other technical malfunctions; employee, contractor** ~~our~~ - **or** ~~business~~ **vendor error or malfeasance; government surveillance; or other threats** . **In addition** ~~Examples of litigation to which we are~~ , **third parties may attempt to fraudulently induce employees or users to disclose information to gain access to our data or our users' data. Cyberattacks continue to evolve in sophistication** and **volume and may be inherently difficult to detect for long periods of time. Although we** have **developed systems** ~~been, subject include: Stockholder Litigation Milbeck Federal Securities Litigation In March 2018, Leon Milbeck filed a putative securities class action against us and certain of our then- current and former officers and directors in the U. S. District Court for the Central District of California, which we refer to as the Milbeck Federal Securities Litigation. The complaint, as amended, sought an~~ **and processes** award of unspecified damages and other relief...... other liabilities in connection with those matters that are **designed to protect** ~~still pending and any additional lawsuits that may be filed against us or~~ **our** ~~one or more of~~ **data and user data, to prevent data loss and to prevent** ~~our~~ - **or detect security breaches** ~~officers or directors hereafter. Our insurance policies may not provide sufficient coverage to adequately mitigate the legal fees and potential liabilities arising from these matters and~~ , even where fees and liabilities are covered...... to support any such transaction, and we cannot assure you that ~~they~~ **such measures** will **provide absolute security, and we may need to expend significant resources in protecting against or remediating security breaches and cyberattacks. In addition, some of our third- party partners, including developers, affinity group marketing partners and OEM partners, may receive or store information that we or our users provide. If these partners fail to adopt or adhere to adequate data security practices, or suffer a breach of their networks, our data or our users' data could** be **improperly accessed** ~~successful. Additionally~~ , ~~strategic investments in and partnerships with other businesses expose~~ **used or disclosed. Affected users or government authorities could initiate legal or regulatory actions against** us ~~to the risk that we may not be able to control the operations of those businesses, which could decrease the benefits we realize from a particular relationship. We are also exposed to the risk that our partners in strategic investments may encounter financial difficulties that could lead to disruption of their activities, or impairment of assets acquired, which could adversely affect future reported results of operations and stockholders' equity. The risks we face~~ in connection with ~~transactions such as these include: • diversion of management time and focus from operating our business; • additional operating losses and expenses of other businesses; • integration of acquisitions, including coordination of technology, research and development and sales and marketing functions; • transition of the other business' s users to our website and mobile applications; • retention of employees from an~~ **any actual** ~~acquired business, or separation of employees from a divested business; • cultural and other challenges associated with integrating employees from an acquired business into our~~ - **or perceived security breaches** ~~organization; • integration of an acquired business' s accounting, management information, human resources, legal and other administrative systems, or extrication of such systems from a divested business; • the need to implement or improve controls, procedures and policies at a business that prior to the transaction may have lacked effective controls, procedures and policies; • potential write- offs of intangibles or other assets acquired in acquisitions or similar transactions, or write- downs of investments, that may have an adverse effect our~~ - **or improper disclosure of data** ~~operating results in a given period; • the risks associated with the businesses, products or technologies in question~~ , which may differ from or be more significant...... connection with our past or future transactions could cause us to **incur significant expense and liability or result in orders or consent decrees requiring us to modify our business practices. Such incidents or our efforts to remediate those incidents could have a material and adverse effect on our business, reputation or financial results. Further, the SEC has recently enacted rules requiring public companies to disclose material cybersecurity incidents that they experience on a Current Report on Form 8- K within four business days of determining that a material cybersecurity incident has occurred and to disclose on an annual basis material information regarding their cybersecurity risk management, strategy and governance. These new reporting requirements were effective for us as of December 18, 2023. If we** fail to **comply with** ~~realize the anticipated benefits of those~~ **these new requirements we could** ~~transactions, cause us to~~ incur ~~unanticipated liabilities and harm~~ **regulatory fines in addition to other adverse consequences to** our **reputation,** business ~~generally. Future transactions could also result in dilutive issuances of our equity securities; the incurrence of debt~~ , ~~contingent liabilities or amortization expenses; or the write- off of goodwill, any of which could harm our~~ financial condition ~~,~~ and **results** ~~the anticipated benefits~~ of any transaction may not materialize. For...... have no control over ALG' s operations or business strategy other than through certain...... in a meaningful return on our investment . Our platform must integrate with a variety of web browsers and operating systems, both on desktop computers and mobile devices, that are developed by others, and our business is dependent on our ability to maintain our platform' s functionality and deliver a compelling user experience across those browsers and operating systems. We interact with users through our Internet- based platform, which is designed to operate on a variety of network, hardware and software platforms that are developed by others and over which we have no control, including the numerous web browsers and operating systems that consumers use to access the Internet, both on desktop computers and mobile devices. As a result, we need to continuously modify and enhance our platform to keep pace with consumers' evolving expectations and changes in network, hardware, software, communication and browser technologies. For example, some web browsers have begun to discontinue third- party cookie tracking, and the providers of certain other web browsers have announced an intention to do so as well. Certain of our marketing efforts currently rely on cookies to identify in- market consumers. We cannot assure you that we will be able to mitigate any adverse effects that result from browsers blocking our cookies, or altering the manner in which, or the extent to which, they support our cookies. If we are unable to respond in a timely and cost- effective manner to the rapid technological developments in the network, hardware and software programs that consumers use to interact with us and our dealers and partners, or otherwise to provide a compelling user experience across each of the devices and browsers that consumers prefer to use, our platform could become obsolete or otherwise attract fewer users, which could adversely impact our revenues, business and operating results. The success of our business depends on consumers' continued and unimpeded access to our platform on the Internet. Consumers must have Internet access to use our platform. Some providers may take measures that affect consumers' ability to use our platform, such as degrading the quality of the connections through which we transmit data packets over their lines, giving those packets lower priority, giving other packets higher priority than ours, blocking our packets entirely or attempting to charge their customers more for using our platform. If network operators attempt to interfere with our services, extract fees from us to deliver our platform or otherwise engage in discriminatory practices, our business could be adversely affected. In December 2010, the FCC adopted so- called " net neutrality " rules barring Internet providers from blocking or slowing down access to online content, protecting services like ours from this type of interference, which we refer to as the Federal Net Neutrality Regulations. Effective June 11, 2018, however, the FCC repealed the Federal Net Neutrality Regulations, and considerable uncertainty currently surrounds the regulatory environment in this field. For example, multiple states have enacted legislation intended to implement rules similar to the Federal Net Neutrality Regulations at the state level, which, in some instances, has led to legal challenges, including litigation over the preemptive effects of the FCC' s regulatory authority in this area of law. Further, on April 10, 2019, the United States House of Representatives voted in favor of legislation that would reinstate the Federal Net Neutrality Regulations and in ~~July~~ **October** ~~2021~~ **2023** , ~~President Biden called upon~~ the ~~FTC~~ **FCC proposed rules** to restore the Federal Net Neutrality Regulations. As a result, there is considerable uncertainty in this area of the law and we cannot predict the final outcome of the challenges to legal protections of net neutrality at the state and federal level. In this regulatory environment, we could experience discriminatory or anti- competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business ~~. Security breaches and improper access to or disclosure of our data or user data, or other hacking and phishing attacks on our systems, could harm our reputation and adversely affect our business. Our industry is prone to cyberattacks by third parties seeking unauthorized access to our data or users' data or to disrupt our ability to provide service. Any failure to prevent or mitigate security breaches and improper access to or disclosure of our data or user data, including personal information, content or payment information from users, could result in the loss or misuse of such data, which could harm our business and reputation and diminish our competitive position. In addition, computer malware, viruses, social engineering (such as spear phishing attacks) and general hacking have become more prevalent in our industry, have occurred on our systems in the past and are likely to occur on our systems in the future. Such attacks may cause interruptions to the services we provide, degrade the user experience, cause users to lose confidence and trust in our products, impair our internal systems or result in financial harm to us. Further, these risks could be heightened by the fact that most of our employees work from home. Our efforts to protect our data or the data we receive could also be unsuccessful due to software bugs or other technical malfunctions; employee, contractor or vendor error or malfeasance; government surveillance; or other threats. In addition, third parties may attempt to fraudulently induce employees or users to disclose information to gain access to our data or our users' data. Cyberattacks continue to evolve in sophistication and volume and may be inherently difficult to detect for long periods of time. Although we have developed systems and processes that are designed to protect our data and user data, to prevent data loss and to prevent or detect security breaches, we cannot assure you that such measures will provide absolute security, and we may need to expend significant resources in protecting against or remediating security breaches and cyberattacks. In addition, some of our third- party partners, including developers, affinity group marketing partners and OEM partners, may receive or store information that we or our users provide. If these partners fail to adopt or adhere to adequate data security practices, or suffer a breach of their networks, our data or our users' data could be improperly accessed, used or disclosed. Affected users or government authorities could initiate legal or regulatory actions against us in connection with any actual or perceived security breaches or improper disclosure of data, which could cause us to incur significant expense and liability or result in orders or consent decrees requiring us to modify our business practices. Such incidents or our efforts to remediate those incidents could have a material and adverse effect on our business, reputation or financial results~~ . Our products and internal systems rely on software that is highly technical. If it contains undetected errors or vulnerabilities, our business could be adversely affected. Our products and internal systems rely on software, including software developed or maintained internally or by third parties, that is highly technical and complex. In addition, our products and internal systems depend on the ability of that software to store, retrieve, process and manage substantial amounts of data. The software on which we rely has contained, and may in the future contain, undetected errors, bugs or vulnerabilities. Some errors may only be discovered after the code has been released for external or internal use. Errors, vulnerabilities or other design defects within the software on which we rely have in the past, and may in the future, result in a negative experience for consumers, dealers and partners who use our products, delay product introductions or enhancements, result in targeting, measurement or billing errors, compromise our ability to protect consumers', dealers' and partners' data and our intellectual property or lead to reductions in our ability to provide some or all of our products and services. In addition, any errors, bugs, vulnerabilities or defects discovered in the software on which we rely, and any associated degradation or interruption of service, could result in damage to our reputation, loss of users, loss of revenue or liability for damages, any of which could adversely affect our business and financial results. Our business is dependent on our ability to maintain and scale our technical infrastructure, and any significant disruption in service on our website or mobile applications could damage our reputation and result in a loss of consumers, which could harm our business, brand, operating results and financial condition. Our brand, reputation and ability to attract consumers, affinity groups and advertisers depend on the reliable performance of our technology platform and content delivery. We have on occasion in the past experienced, and may in the future experience, interruptions with our systems. Interruptions in these systems, whether due to system failures, computer viruses, denial- of- service attacks or physical or electronic break- ins, could affect the security or availability of our products and services on our website and mobile application and prevent or inhibit the ability of consumers to access our products and services. To the extent that our consumer base, the number of TrueCar Certified Dealers and the number of parties with which we maintain commercial relationships grow, we would need an increasing amount of technical infrastructure, including network capacity and computing power, to satisfy consumers' and dealers' needs and maintain and grow business operations with commercial partners, and we may not effectively scale and grow our technical infrastructure to accommodate any increased demands. Problems with the reliability or security of our systems or with the upgrading, architectural unification or scaling of those systems could harm our reputation, result in a loss of consumers, dealers and affinity group marketing partners and result in additional costs. In addition, a significant disruption in our billing systems could affect our ability to match automobile purchases made by our users from TrueCar Certified Dealers and delay or prevent us from submitting invoices to TrueCar Certified Dealers, receiving payment for invoices and recognizing revenue related to purchases. Any errors, defects, disruptions or other performance or reliability problems with our network operations, or with the services we receive from third- party network infrastructure providers, could cause interruptions in access to our products and could harm our reputation, business, operating results and financial condition. We rely on Amazon Web Services for the majority of our computing, storage, bandwidth and other services. Any disruption of or interference with our use of Amazon Web Services would negatively affect our operations and seriously harm our business. Amazon provides a distributed computing infrastructure platform for business operations, or what is commonly referred to as a " cloud " computing service, and we currently run nearly all of our computing on Amazon Web Services. Any transition of the cloud services currently provided by Amazon Web Services to another cloud provider would be difficult to implement and would cause us to incur significant time and expense. We have built our software and computer systems to use computing, storage capabilities, bandwidth and other services provided by Amazon, some of which do not have a readily available alternative in the market. Given this, any significant disruption of or interference with our use of Amazon Web Services would negatively impact our operations and seriously harm our business. If our users or partners are not able to access our products and services through Amazon Web Services or encounter difficulties in doing so, we may lose customers, dealers, partners and revenue. The level of service provided by Amazon Web Services or similar providers may also impact our customers', dealers' and partners' usage of our products and services and satisfaction with us. If Amazon Web Services or similar providers experience interruptions in service regularly or for a prolonged period of time, or other similar issues, our business would be seriously harmed. Hosting costs also have increased in the past and may continue to increase to the extent that our user base and user engagement grow and may seriously harm our business if we are unable to grow our revenues faster than the cost of using the services of Amazon or similar providers. Amazon has broad discretion to change and interpret its terms of service and other policies that apply to us, and those actions may be unfavorable to us. Amazon may also alter how we are able to process data on the Amazon Web Services platform. If Amazon makes changes or interpretations that are unfavorable to us, our business could be seriously harmed. Additionally, any disruption of or interference with the use of Amazon Web Services, including disruptions due to system failures, denial- of- service or other cyberattacks and computer viruses, or an interruption to Amazon' s systems or in the infrastructure that allows us to connect to them for an extended period, may impact our ability to operate the business and would adversely impact our operations and our business. Our growth in prior years may not be indicative of our future growth. Our revenue grew from $ 38. 1 million in 2010 to $ 335. 0 million in 2019. However, our overall revenue declined by ~~16. 9 % in 2021 to $ 231. 7 million and by a further~~ 30. 3 % in 2022 to $ 161. 5 **million and by an additional 1. 7 % in 2023 to $ 158. 7** million. In light of the termination of our partnership with USAA in 2020 and the automobile inventory shortage that has affected our business since 2021, our revenue in the near future may continue to be lower than it has been in past periods. In addition, our ability to grow our revenue is dependent on our ability to: • successfully develop and roll out our TrueCar offering **and other new product offerings** ; • expand our dealer network in a geographically optimized manner, including increasing dealers in our network representing high- volume brands; • increase the number of transactions between our users and TrueCar Certified Dealers; • increase dealer subscription rates, and manage dealer churn; • grow the revenue we derive from car manufacturer incentive programs; • increase the number of dealers subscribing to our other products ~~, including our Reach and Sponsored Listings products~~ ; • maintain and grow our affinity group marketing partner relationships and increase the productivity of our current affinity group marketing partners, and to replace the units generated by our former partnership with USAA; • increase the number of users of our products and services, and in particular the number of unique visitors to the TrueCar website and our TrueCar- branded mobile applications, including by improving our search- engine optimization; • enhance our consumer experience and increase the rate at which site visitors prospect with a TrueCar Certified Dealer and purchase from the prospected dealer; • improve the quality of our existing products and services, and introduce high- quality new products and services **; • maintain our existing product offerings, including our Trade and Sell Your Car offerings following the termination of our commercial relationship with Accu- Trade** ; and • introduce third- party ancillary products and services, including by integrating acquired products and services into our business. We may not successfully accomplish any of these objectives. We plan to continue our investment in future growth. Among other things, we expect to continue to expend substantial financial and other resources on: • marketing and advertising; • dealer outreach and training; • technology and product development, including the continuing development of TrueCar , other new products and new features for existing products; • strategic partnerships, investments and acquisitions; and • general administration, including legal, accounting and other compliance expenses related to being a public company. We have a history of losses and we may not be profitable in the future. We have not been profitable since inception. We had an accumulated deficit of $ ~~512~~ **562** . ~~5~~ **3** million at December 31, ~~2022~~ **2023** . During the ~~year~~ **twelve months** ended December 31, ~~2022~~ **2023** , we had a net loss of $ ~~118~~ **49** . ~~7~~ **8** million. From time to time in the past, we have made significant investments in our operations that have not resulted in corresponding revenue growth and, as a result, increased our losses. We continue to make significant investments to support the further development and expansion of our business and these investments may not result in increased revenue or growth on a timely basis or at all. Our revenue growth has been highly influenced by marketing expenditures. Incremental marketing expenditures in certain situations do not result in sufficient incremental revenue to cover their cost. This limits the growth in revenue that can be achieved through marketing expenditures. In addition, as a public company, we have incurred, and will continue to incur, significant legal, accounting and other expenses. We may incur significant losses in the future for a number of reasons, including slowing demand for our products and services, increasing competition, weakness in the automobile industry generally and other risks described in this report, and we may encounter unforeseen expenses, difficulties, complications and delays, and other unknown factors. If we incur losses in the future, we may not be able to reduce costs effectively because many of our costs are fixed. In addition, if we reduce variable costs to respond to losses, this may affect our ability to acquire users and dealers, improve our products and services and grow our revenues. Accordingly, we may not be able to achieve or maintain profitability and we may continue to incur significant losses in the future, and this could seriously harm our business and cause the price of our common stock to decline. Our **number of** unique visitors, revenue and operating results fluctuate due to seasonality. Our **number of unique visitors,** revenue trends **and operating results** reflect consumers' car buying patterns. Across the automotive industry, consumers tend to purchase a higher volume of cars in the second and third quarters of each year, due in part to the introduction of new vehicle models from manufacturers. In the past, these seasonal trends have not been pronounced due to the overall growth of our business, and more recently the effects of seasonality on our results have been outweighed by disruptions to our business, such as the termination of our partnership with USAA, the coronavirus pandemic and the automobile inventory shortage, but we expect that in the future our revenues may be affected more by these seasonal trends. Our business could also be impacted by cyclical trends affecting the overall economy, specifically the retail automobile industry, as well as by actual or threatened **inflation, recession,** severe weather or other significant events outside of our control. Failure to adequately protect our intellectual property could harm our business and operating results. Our business depends on our intellectual property, the protection of which is crucial to our success. We rely on a combination of patent, trademark, trade secret and copyright law and contractual restrictions to protect our intellectual property. In addition, we attempt to protect our intellectual property, technology and confidential information by requiring our employees and consultants to enter into confidentiality and assignment of inventions agreements and third parties to enter into nondisclosure agreements. These agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property or technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our website features, software and functionality or obtain and use information that we consider proprietary. Competitors may adopt service names similar to ours, thereby harming our ability to build brand identity and possibly leading to user confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of the term " TrueCar. " We have also registered trademarks under the laws of certain jurisdictions outside of the United States. If applicable authorities determine that we do not conduct sufficient activities in such jurisdictions to maintain our rights over such trademarks, our ability to expand our business and our brand into new markets in the future could be harmed. We currently hold the " TrueCar. com " and " True. com " Internet domain names as well as various other related domain names. The regulation of domain names in the United States is subject to change. Regulatory bodies could establish additional top- level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain all domain names that use the name TrueCar. We are occasionally party to intellectual property disputes, which can be costly and could harm our business and operating results. From time to time, we face allegations that we, or businesses we acquired or in which we invested, have infringed the trademarks, copyrights, patents or other intellectual property rights of third parties, including from our competitors or non- practicing entities. For example, in the second quarter of 2020, a Florida dealer sued us claiming that our " BUY SMARTER DRIVE HAPPIER " tagline, which is featured in some of our marketing materials, infringed its " BUY SMART BE HAPPY " trademark. Although this litigation was resolved without any effect on our business, if any similar litigation is brought and decided adversely to us, we could be required to change our tagline and replace the marketing materials in which it is featured, which would be costly and could damage our brand. Moreover, as discussed in greater detail under the risk factor " Failure to adequately protect our intellectual property could harm our business and operating results, " from time to time, we take legal action to protect our own intellectual property. Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering some features, purchase licenses or modify our products and features while we develop non- infringing substitutes or may result in significant settlement costs. In addition, we use open- source software in our products and expect to use open- source software in the future. From time to time, we may face claims by companies that incorporate open- source software into their products, claiming ownership of, or demanding release of, the source code, the open- source software or derivative works that were developed using the software, or otherwise seeking to enforce the terms of the applicable open- source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our platform or services, any of which would have a negative effect on our business and operating results. Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, operating results and reputation. The impairment of our goodwill, or any intangible or other long- lived assets or investments has required us in the past, and could further require us in the future, to record a non- cash charge to our earnings, which has materially and adversely affected our results of operations, and may again in the future. At December 31, ~~2022~~ **2023** , we had intangible assets of $ ~~14~~ **8** . ~~0~~ **4** million **.** ~~and, prior~~ **Prior** to the interim quantitative impairment test **conducted as of September 30, 2022,** discussed below, we had goodwill of $ 59. 8 million. Under accounting principles generally accepted in the United States, we review our goodwill for impairment annually in the fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate the carrying value may not be recoverable. We review our intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. For example, in the first quarter of 2020, in light of the global economic disruption and uncertainty occasioned by the coronavirus pandemic and the announcement of the then- impending termination of our affinity partnership with USAA, we performed an interim quantitative impairment test as of March 31, 2020, which concluded that the carrying value of our single reporting unit was greater than its fair value. Accordingly, during the three months ended March 31, 2020, we recognized a non- cash impairment charge of $ 10. 2 million, of which $ 1. 9 million was included in discontinued operations. Further, following a decline in our stock price in the third quarter of 2022 and continued macroeconomic disruptions impacting our business, we performed an interim quantitative impairment test as of September 30, 2022, which concluded that the carrying value of our single reporting unit exceeded the fair value and, accordingly, we recognized a non- cash impairment charge of $ 59. 8 million for the year ended December 31, 2022. We cannot guarantee that in future periods we will not be required to recognize additional impairment charges, whether in our goodwill, to the extent it is regained in the future, or other intangible assets, nor that we will be able to avoid a significant charge to earnings in our consolidated financial statements during the period in which an impairment is determined to exist. As a result, the carrying value of our goodwill, to the extent it is regained in the future, and intangible assets may not be recoverable due to factors such as a decline in our stock price and market capitalization, reduced estimates of future revenues or cash flows or slower growth rates in our industry. Estimates of future revenues and cash flows are based on a long- term financial outlook of our operations. Actual performance in the near- term or long- term could be materially different from these forecasts, which could impact future estimates and the recorded value of the intangible assets. Impairments to our goodwill have materially and adversely affected our results of operations in the past, and could again in the future, as could **future** reductions in the carrying value of any intangible assets ~~. Further, we review our equity- method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. We recognize an impairment of an equity- method investment if the fair value of the investment as a whole, and not the underlying assets, has declined and the decline is other than temporary. For example, on February 2, 2022, we entered into a redemption agreement with Accu- Trade to redeem our 20 % ownership interest in Accu- Trade. The terms of the transaction provided for initial cash consideration of $ 12. 8 million to be paid at the closing of the transaction and $ 3. 2 million cash to be held in an escrow account. As a result of the events and circumstances leading up to our entry into the redemption agreement with Accu- Trade, we concluded that the carrying value of our investment in Accu- Trade was greater than its fair value. Accordingly, during the year ended December 31, 2021, we recognized an impairment charge of $ 4. 1 million. Further, if any other equity- method investment that we make in the future, is not recoverable, we may be required to record an impairment charge, which could materially and adversely affect our results of operations~~ . If our ability to use our net operating loss carryforwards and other tax attributes is limited, we may not receive the benefit of those assets. We had federal net operating loss carryforwards that begin to expire in the year ending December 31, 2034 and state net operating losses that began to expire in the year ~~ending~~ **ended** December 31, 2022. Federal net operating losses generated after December 31, 2017 will not expire and will carry forward indefinitely, but will be limited in any given year to offsetting a maximum of 80 % of our taxable income for the year, determined without regard to the application of such net operating loss carryforwards. We had federal research and development credit carryforwards that begin to expire in the year ending December 31, 2040 and state research and development credit carryforwards that can be carried forward indefinitely. Sections 382 and 383 of the U. S. Internal Revenue Code ~~, which we refer to as the IRC,~~ impose substantial restrictions on the utilization of net operating losses and other tax attributes in the event of a cumulative " ownership change " of a corporation of more than 50 % over a three- year period. Accordingly, if we generate taxable income in the future, changes in our stock ownership, including equity offerings and share repurchase programs, as well as other changes that may be outside our control, could potentially result in material limitations on our ability to use our net operating loss and research tax credit carryforwards. Changes in applicable tax law and resolutions of tax disputes could negatively affect our financial results. We are subject to taxation in the United States. Changes in tax laws applicable to us, including interpretations thereof and related accounting standards, could materially and adversely affect our business, financial condition, results of operations and cash flows. For example, in 2018, the United States Supreme Court decided South Dakota v. Wayfair, Inc. That decision overturned earlier case law that online sellers are not required to collect sales and use taxes unless they have a physical presence in the buyer' s state. Although the Wayfair decision has not had a material effect on our business, it has resulted in nationwide uncertainty over sales tax liability and could precipitate responses from federal and state legislators, regulators and courts that materially increase our tax administrative costs and tax risk. Many states have also adopted laws requiring so- called " marketplace facilitators " to collect and remit sales taxes on behalf of participants in their marketplaces. Certain states also require sales tax to be collected and remitted with respect to the provision of software as a service (SaaS), downloadable software, information services, data processing services and, under certain circumstances, lead generating services. To the extent regulators take the position that such laws require us to collect and remit sales taxes related to the sales of cars to consumers by TrueCar Certified Dealers or characterize any of our existing or future product offerings as taxable SaaS, downloadable software, information services, data processing services, lead generation services or as any other taxable product or service, our business could be adversely affected. ~~States may also enact legislation that effectively diminishes our tax assets, such as the suspension California placed on the ability for certain companies to deduct net operating losses between 2020 and 2021, which impacted our ability to offset income received from the 2020 divestiture of our ALG subsidiary in California with net operating losses.~~ Under the Tax Cuts and Jobs Act of 2017, research and development costs are no longer fully deductible in the current year and are required to be capitalized and amortized for U. S. tax purposes effective January 1, 2022. Unless ~~postponed~~ **repealed** or modified through legislative processes, this mandatory capitalization may increase our cash tax liabilities. We continue to monitor and evaluate the impact of potential and enacted changes in applicable federal and state tax law. Risks Related to Ownership of Our Common Stock We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which could cause our stock price to decline. We typically provide guidance about our business and future operating results as part of our press releases, investor conference calls or otherwise. In developing any such guidance, our management must make certain assumptions and judgments about our future performance. For example, in the second quarter of 2015 and the fourth quarter of 2018, our business results varied significantly from guidance for the quarter and the price of our common stock declined. Our future business results may vary significantly from our guidance due to a number of factors, many of which are outside of our control, and which could materially and adversely affect our operations, financial condition and operating results. **For example, in connection with the Restructuring Plan undertaken in June 2023, we modified our previously issued guidance under which we had expected to have an aggregate cash balance in excess of $ 125 million when we achieved breakeven or positive EBITDA by the fourth quarter of 2023, stating that instead we expected that our aggregate cash balance could drop below $ 125 million, in part as a result of expenses associated with the Restructuring Plan.** If our publicly- announced guidance of future operating results fails to meet the expectations of securities analysts, investors or other interested parties, the price of our common stock could decline. Given the volatility of our business recently during the coronavirus pandemic, the ongoing automobile inventory shortage and following the termination of our partnership with USAA, we refrained from providing guidance about our future operating results in certain recent quarters, and may choose to refrain from doing so again in the future. This practice may also have caused, and may in the future cause, additional volatility in the trading price of our common stock. The price of our common stock has been and may continue to be volatile, and the value of your investment could decline. The trading price of our common stock has been volatile since our initial public offering and is likely to continue to fluctuate substantially. These fluctuations could cause you to lose all or part of your investment in our common stock since you might be unable to sell your shares at or above the price you paid. For the year ended December 31, ~~2022~~ **2023** , the trading price of our common stock fluctuated from a low of $ 1. ~~30~~ **76** per share to a high of $ ~~4~~ **3** . ~~085~~ **77** per share. The trading price of our common stock depends on a number of factors, including those described in this " Risk Factors " section, many of which are beyond our control and may not be related to our operating performance. Additional factors that could cause fluctuations in the trading price of our common stock include the following: • price and volume fluctuations in the overall stock market from time to time; • volatility in the market prices and trading volumes of technology stocks; • changes in operating performance and stock market valuations of other technology companies generally, or those in the automotive industry in particular; • sales of shares of our common stock by us or our stockholders; • the failure of securities analysts to maintain coverage of us, changes in financial estimates or recommendations by any securities analysts who follow our company; • our failure to meet our publicly- announced guidance of future operating results or otherwise to meet the expectations of securities analysts or investors in this regard; • announcements by us or our competitors of new products or innovations to existing products; • the public' s reaction to our press releases, other public announcements and filings with the SEC, including the guidance regarding our future operating results or the absence of such guidance; • rumors and market speculation involving us or other companies in our industry; • actual or anticipated changes in our operating results or fluctuations in our operating results; • actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally; • our ability to control costs, including our operating expenses; • litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors; • developments or disputes concerning our intellectual property or other proprietary rights; • announced or completed acquisitions, divestitures, investments or other similar transactions involving us or our competitors; • new laws or regulations or new interpretations of existing laws or regulations applicable to our business; • changes in accounting standards, policies, guidelines, interpretations or principles; • any significant change in our management; • conditions in the automobile industry **and broader macroeconomic trends** ; and • general macroeconomic conditions and the growth rate of our markets and the impact **of the ongoing effects** of the coronavirus pandemic on these conditions and markets. In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors, including those relating to **events such as** the coronavirus pandemic, may seriously affect the market price of our common stock, regardless of our actual operating performance. Additionally, as a public company, we face the risk of shareholder lawsuits, particularly if we experience declines in the price of our common stock. In the past, following periods of volatility in the overall market and the market prices of our securities, securities class action lawsuits have often been instituted against us, and we may in the future be subject to these legal actions. Concentration of ownership among our existing executive officers and directors, their affiliates and holders of 5 % or more of our outstanding common stock may prevent new investors from influencing significant corporate decisions. As of December 31, ~~2022~~ **2023** , our executive officers, directors and holders of 5 % or more of our outstanding common stock (based upon the most recent filings on Schedule 13G with the SEC with respect to each such holder) beneficially owned, in the aggregate, approximately ~~66~~ **54** % of our outstanding shares of common stock (assuming exercise of all beneficially owned shares). Some of these persons or entities may have interests that are different from yours. For example, these stockholders may support proposals and actions with which you may disagree or which are not in your interests. These stockholders are able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders, which in turn could reduce the price of our common stock. Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could depress the market price of our common stock. The market price of our common stock could decline as a result of the sale of substantial amounts of our common stock, particularly sales **directly by us or** by our directors, executive officers and significant stockholders, a large number of shares of our common stock becoming available for sale or the perception in the market that holders of a large number of shares intend to sell their shares. At December 31, ~~2022~~ **2023** , ~~88~~ **91** , ~~439~~ **091** , ~~088~~ **541** shares of our common stock were outstanding. In addition, as of December 31, ~~2022~~ **2023** , there were ~~5~~ **2** . ~~1~~ **2** million shares underlying options ~~and 10~~ **, 5** . ~~0~~ **8** million shares underlying restricted stock units **, and 2. 5 million shares underlying performance stock units, and we have additional shares reserved for issuance under our equity incentive plans. Pursuant**

to our certificate of incorporation, we have a total of 1, 000, 000, 000 shares or our common stock authorized for issuance . If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our stock could decline. Under Rule 144 under the Securities Act, shares held by non- affiliates for more than six months may generally be sold without restriction, other than a current public information requirement, and may be sold freely without any restrictions after one year. Shares held by affiliates may also be sold under Rule 144, subject to applicable restrictions, including volume and manner of sale limitations. In January 2017, we filed a shelf registration statement on Form S- 3, which we refer to as the 2017 Registration Statement. Under the 2017 Registration Statement, we sold 1. 15 million shares of common stock and certain selling stockholders sold 9. 2 million shares of common stock. Although the 2017 Registration Statement has expired and we have deregistered the unsold shares thereunder, we may file a subsequent registration statement with the SEC, after which we or selling stockholders may periodically offer additional securities in amounts, at prices and on terms to be announced when and if the securities are offered. If we do so, we will prepare and file with the SEC a prospectus supplement containing specific information about the terms of the offering. Future sales of shares by existing stockholders could cause our stock price to decline. If our existing stockholders, including employees and service providers who obtain equity, sell substantial amounts of our common stock in the public market, the trading price of our common stock could decline. All of our outstanding shares are eligible for sale in the public market, other than approximately ~~4~~ **2** . ~~1~~ **7** million shares (including vested options) as of December 31, ~~2022~~ **2023** held by directors, executive officers and other affiliates that are subject to volume limitations under Rule 144 of the Securities Act. Our employees, other service providers and directors are subject to our trading blackout periods. In addition, we have reserved shares for issuance under our equity incentive plans. The issuance and subsequent sale of these shares will be dilutive to our existing stockholders and the trading price of our common stock could decline. Anti- takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt. Our certificate of incorporation and bylaws and Delaware law contain provisions that could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions: • creating a classified board of directors whose members serve staggered three- year terms; • authorizing " blank check " preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock; • limiting the liability of, and providing indemnification to, our directors and officers; • limiting the ability of our stockholders to call and bring business before special meetings; • requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors; • controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings; and • providing our board of directors with the express power to postpone previously scheduled annual meetings and to cancel previously scheduled special meetings. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders holding more than 15 % of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock. Any provision of our certificate of incorporation or bylaws or of Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock. Our certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents. Our certificate of incorporation provides that, unless we otherwise agree, the Court of Chancery of the State of Delaware will be the exclusive forum for: • any derivative action or proceeding brought on our behalf; • any action asserting a breach of fiduciary duty; • any action asserting a claim against us under the Delaware General Corporation Law, our certificate of incorporation or our bylaws; • any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws; and • any action asserting a claim against us that is governed by the internal- affairs doctrine. This exclusive- forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or other agents, which may discourage lawsuits against us and our directors, officers, employees and other agents. If a court were to find this exclusive- forum provision to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our business. We do not expect to declare any dividends in the foreseeable future. We have never declared or paid cash dividends on our common stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. ~~In addition, the terms of our credit facility currently restrict our payment of cash dividends on our capital stock.~~ Consequently, investors may need to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock. We cannot guarantee that our share repurchase program will be fully used or that it will enhance long- term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and will diminish our cash reserves. Although our board of directors has authorized a share repurchase program, the program does not require us to spend any specific dollar amount on repurchases or to repurchase any specific number of shares of our common stock. We cannot guarantee when or if the repurchases authorized under the program will be made or that the program will enhance long- term stockholder value. For example, we made no repurchases of shares under our share repurchase program in the ~~three~~ **twelve** months ended ~~September 30~~ **December 31** , **2023. Further, in August** 2022 ~~. Further~~ , Congress ~~recently~~ enacted a 1 % excise tax on certain corporate stock repurchases as part of the Inflation Reduction Act of 2022, which **went** ~~will likely increase the costs of repurchasing shares of our common stock after the tax goes~~ into effect on January 1, 2023 **and will**

increase the costs of repurchasing shares of our common stock in the future . The program could affect the trading price of our stock and increase volatility, and any announcement of a termination of the program may result in a decrease in the trading price of our stock. In addition, to the extent that repurchases are made, implementation of this program will diminish our cash reserves. General Risk Factors We have incurred and will continue to incur substantial costs as a result of operating as a public company, and our management has been and will be required to continue to devote substantial time to compliance with our public company responsibilities and corporate governance practices. As a public company, we have incurred, and will continue to incur, significant legal, accounting and other expenses. In addition, the Sarbanes- Oxley Act, the Dodd- Frank Act and other laws and rules implemented by the SEC and Nasdaq impose various requirements on public companies, including in relation to corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, changing rules and regulations may increase our legal, accounting and financial compliance costs and make some activities more time consuming and costly. If, despite our efforts to comply with new or changing laws, regulations and standards, we fail to comply, regulatory authorities may initiate legal proceedings against us, and our business may be harmed. Further, failure to comply with these laws, regulations and standards may make it more difficult and more expensive for us to obtain directors' and officers' liability insurance, and we may be required to accept reduced policy limits and coverage or to incur substantial costs to maintain the same or similar coverage, which could make it more difficult for us to attract and retain qualified persons to serve on our board of directors or board committees or as executive officers. Our compliance with applicable provisions of Section 404 of the Sarbanes- Oxley Act relating to management assessment of internal controls requires that we incur substantial accounting expense and expend significant management time on compliance- related issues as we implement additional corporate governance practices and comply with reporting requirements. If we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources. Furthermore, investor perceptions of our company may suffer if, in the future, material weaknesses are found, and this could cause a decline in the market price of our stock. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation. If we are unable to implement and maintain internal controls effectively or efficiently, it could harm our operations, financial reporting or financial results and could result in an adverse opinion on internal control from our independent registered public accounting firm. If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline. The trading market for our common stock is influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. The analysts who cover us have from time to time in the past changed their recommendation regarding our stock adversely, and provided more favorable relative recommendations about our competitors, which has in the past caused our stock price to decline. Any of these analysts could do so again, which could cause our stock price to decline again. Additionally, from time to time, analysts who cover us have ceased coverage of our company, and if any further analysts who cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Natural disasters, public health crises, political crises and other catastrophic events or other events outside of our control could damage our facilities or the facilities of third parties on which we depend, and could impact consumer spending. Our corporate headquarters, many of our employees and many of our essential business operations are located in the Los Angeles area, near major geologic faults that have experienced earthquakes in the past. An earthquake or other natural disaster or power shortage or outage could disrupt operations or impair critical systems. Any of these disruptions or other events outside of our control could affect our business negatively, harming our operating results. In addition, if any of our facilities or the facilities of our third- party service providers, dealers or partners is affected by natural disasters, such as earthquakes, tsunamis, wildfires, power shortages, floods, public health crises (such as pandemics and epidemics), political crises (such as terrorism, war, political instability or other conflict) or other events outside our control, including a cyberattack, our critical business or IT systems could be destroyed or disrupted and our ability to conduct normal business operations and our revenues and operating results could be adversely affected. Moreover, these types of events could negatively impact consumer spending in the impacted regions or, depending upon the severity, globally, which could adversely impact our operating results. **For example, as discussed in the risk factor entitled " General economic and other conditions that impact consumer demand for automobiles, including interest rates, inflation, fuel prices and the impacts of public health events such as the coronavirus pandemic, may have a material adverse effect on our business, financial condition and results of operations, " responses to the coronavirus pandemic negatively affected our business, growth, financial condition, results of operations and cash flows in a number of ways, and we cannot predict whether future outbreaks of the coronavirus, including its variants and subvariants, or of other infectious diseases will result in renewed governmental restrictions on consumer and dealer behavior, any of which could have negative financial and operational impacts on our business.** We may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances. If capital is not available to us, our operating results, business and financial condition may be harmed. Since our founding, we have raised substantial equity and debt financing to support the growth of our business. Because we intend to continue to make investments to support the growth of our business, we may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, including to develop new products or services or further improve existing products and services, enhance our operating infrastructure and acquire complementary businesses and technologies. Accordingly, we may need to engage in further equity or debt financings to secure additional funds. However, additional funds may not be available when we need them, on terms that are acceptable to us or at all. ~~In addition, our current revolving credit~~

~~facility contains restrictive covenants relating to our capital raising activities and other financial and operational matters, and any debt financing that we secure in the future could involve further restrictive covenants which may make it more difficult for us to obtain additional capital and pursue business opportunities.~~ Volatility in the credit markets, including increased volatility due to the economic disruption caused by the coronavirus pandemic, may also have an adverse effect on our ability to obtain debt financing. If we raise additional funds through further 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. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition and prospects could be adversely affected. You may experience future dilution as a result of future equity offerings. If we raise additional funds through the sale of equity or convertible debt securities, the issuance of the securities will result in dilution to our stockholders. We may sell shares or other securities in any other offering at a price per share that is less than the price per share paid by investors in the past, and investors purchasing shares or other securities in the future could have rights superior to existing stockholders. The price per share at which we sell additional shares of our common stock, or securities convertible or exchangeable into common stock, in future transactions may be higher or lower than the price per share paid in the past. In addition, if we were to issue securities in connection with our acquisition of complementary businesses, products or technologies, our stockholders would also experience dilution.