

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2024  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Commission File Number: 001-36449

TRUECAR, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

04-3807511

(I.R.S. Employer  
Identification Number)

225 Santa Monica Blvd, 12th Floor  
Santa Monica, California 90401  
(800) 200-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	TRUE	The Nasdaq Global Select Market

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

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

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

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

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

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

As of May 1, 2024, 91,668,140 shares of the registrant's common stock were outstanding.

TRUECAR, INC.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “may,” “might,” “likely,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “target,” “will,” “would” or similar expressions and the negatives of those terms. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our future financial performance and our expectations regarding our revenue, cost of revenue, gross profit or gross margin, operating expenses and ability to maintain or grow revenue, scale our business, generate cash flow, fulfill our mission and achieve and maintain future profitability;
- the success and long-term effects of our strategic restructuring;
- our ability to forecast our financial and operational performance;
- our relationship with key industry participants, including car dealers and automobile manufacturers;
- anticipated trends, demand rates and challenges in our business and in the markets in which we operate;
- our ability to successfully roll out our TrueCar+ offering and other new offerings, provide a compelling value proposition to consumers using such offerings and integrate our current and future offerings into such experiences;
- our ability to anticipate market needs and develop new and enhanced products and services to meet those needs and to successfully monetize those products and services;
- maintaining and expanding our customer base in key geographies, including our ability to maintain or increase the number of high-volume brand dealers in our network generally and in key geographies;
- the lingering effects of the coronavirus pandemic on our business;
- our ability to mitigate the financial effect of the termination of our partnership with USAA Federal Savings Bank in 2020;
- our ability to maintain and grow our existing additional affinity partner relationships, and to attract new affinity partners to offer our services to their members;
- our reliance on our third-party service providers;
- the impact of competition in our industry and innovation by our competitors;
- our anticipated growth and growth strategies, including our ability to maintain or increase close rates and the rate at which site visitors prospect with a TrueCar certified dealer;
- our ability to successfully maintain or increase dealer subscription rates and manage dealer churn;
- our ability to attract significant automobile manufacturers to participate, and remain participants, in our incentive programs;
- our ability to anticipate or adapt to future changes in our industry;
- the impact on our business of seasonality, cyclical trends affecting the overall economy and actual or threatened severe weather events or public health events;
- our ability to hire and retain necessary qualified employees;
- our continuing ability to provide customers access to our products;
- our ability to maintain and scale our technical infrastructure and leverage our technology platform to enhance our customer experience and launch new product offerings;
- the evolution of technology affecting our products, services and markets;
- our ability to adequately protect our intellectual property;
- the outcome, and effect on our business, of litigation to which we are a party, including our ability to settle any such litigation;
- our ability to navigate changes in domestic or international economic, political or business conditions, including supply shortages, such as of automotive semiconductors, changes in interest rates, consumer demand and import tariffs;
- our ability to stay abreast of, and in compliance with, new or modified laws and regulations that currently apply or may become applicable to our business, including newly-enacted and rapidly-changing privacy, data protection and net neutrality laws and regulations and changes in applicable tax laws and regulations;
- the continued expense and administrative workload associated with being a public company;
- our ability to maintain an effective system of internal controls necessary to accurately report our financial results and prevent fraud;

- our liquidity and working capital requirements;
- the estimates and estimate methodologies used in preparing our consolidated financial statements;
- the future trading prices of our common stock and the impact of securities analysts' reports on these prices;
- our plans to pursue acquisitions, divestitures, investments and other similar transactions;
- our ability to use the proceeds of the ALG divestiture in a manner that maximizes shareholder value;
- the extent to which we repurchase our common stock under our share repurchase plan and the effect of these repurchases on long-term stockholder value, the volatility and trading price of our common stock and our cash reserves;
- our ability to effectively and timely integrate our operations with those of any business we acquire, including Digital Motors, and related factors, including the difficulties associated with such integration (such as the difficulties, challenges and costs associated with managing and integrating new facilities, assets and employees) and the achievement of the anticipated benefits of such integration;
- the preceding and other factors discussed in Part II, Item 1A, "Risk Factors," and in other reports we may file with the Securities and Exchange Commission from time to time; and
- the factors set forth in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss these risks in greater detail in the section entitled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. Given these uncertainties, you should not place undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date the statements are made. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

## SUMMARY OF RISKS AFFECTING OUR BUSINESS

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled “Risk Factors” later in this Quarterly Report on Form 10-Q. These risks include, but are not limited to, the following:

- Our business is subject to risks related to the larger automotive ecosystem, including recent low automobile inventory supply levels, which have adversely impacted our business, results of operations and prospects.
- If our lead quality or quantity declines, our unit volume could as well, and dealers could leave our network or insist on lower subscription rates, which could reduce our revenue and harm our business.
- If we are not successful in rolling out new offerings, including our TrueCar+ offering, providing a compelling value proposition to consumers using these offerings, integrating our current and future offerings into such experiences or monetizing them, our business and prospects could be adversely affected.
- Actions that we have taken in the past and may take in the future to restructure our business in alignment with our strategic priorities may not be as effective as anticipated.
- 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.
- 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 functionality, any of which would negatively affect our business.
- We may not be able to provide a compelling car-buying experience to our users, which could cause the number of transactions between our users and dealers, and therefore our revenues, to decline.
- Economic and other conditions that impact consumer demand for automobiles, including interest rates, inflation, fuel prices and the impacts of public health events, may have a material adverse effect on our business, financial condition and results of operations.
- The failure to attract manufacturers to participate in our incentive programs, or to induce them to remain participants in those programs, could reduce our growth or adversely affect our operating results.
- Our cash and cash equivalents could be adversely affected if the financial institutions in which we hold our cash and cash equivalents fail.
- A significant reduction in units attributable to our affinity partners, such as the decrease in our unit volume following the termination of our partnership with USAA Federal Savings Bank in 2020, would reduce our revenue and harm our operating results.
- If key industry participants, including car dealers or 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.
- Our business could be adversely affected by executive turnover and other transitions in our senior management team. An inability to navigate these transitions and attract, retain and integrate new management and other personnel could harm our business.
- We rely on relationships with data providers and may experience interruptions in the data feeds they provide, which could adversely affect our current and future product offerings, including TrueCar+, to users and dealers as well as the timeliness of the information we provide, and which may impair our ability to attract or retain consumers and dealers and to timely invoice dealers and otherwise negatively affect our business.
- We rely 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.
- 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.
- 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 are subject to a complex framework of regulations, 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.
- 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.
- We face litigation and are party to legal proceedings that could have a material adverse effect on our business, financial condition, results of operations and cash flows.
- Our number of unique visitors, revenue and operating results fluctuate due to seasonality.
- 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.

**TRUECAR, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except par value and share data)  
(Unaudited)

	March 31, 2024	December 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents (includes restricted cash of \$1,855 at March 31, 2024 and December 31, 2023)	\$ 133,687	\$ 136,964
Accounts receivable, net of allowances of \$965 and \$1,118 at March 31, 2024 and December 31, 2023, respectively	15,106	18,264
Prepaid expenses	4,850	6,067
Other current assets	1,703	1,787
Total current assets	155,346	163,082
Property and equipment, net	17,912	18,880
Operating lease right-of-use assets	9,541	10,132
Intangible assets, net	6,773	8,375
Other assets	3,957	3,851
Total assets	\$ 193,529	\$ 204,320
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 9,174	\$ 6,875
Accrued employee expenses	2,705	6,667
Operating lease liabilities, current	3,164	3,240
Accrued expenses and other current liabilities	11,738	12,196
Total current liabilities	26,781	28,978
Operating lease liabilities, net of current portion	10,368	11,169
Other liabilities	347	3,958
Total liabilities	37,496	44,105
Commitments and contingencies (Note 5)		
<b>Stockholders' Equity</b>		
Preferred stock — \$0.0001 par value; 20,000,000 shares authorized at March 31, 2024 and December 31, 2023, respectively; no shares issued and outstanding at March 31, 2024 and December 31, 2023	—	—
Common stock — \$0.0001 par value; 1,000,000,000 shares authorized at March 31, 2024 and December 31, 2023, respectively; 91,573,738 and 91,091,541 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	9	9
Additional paid-in capital	724,170	722,504
Accumulated deficit	(568,146)	(562,298)
Total stockholders' equity	156,033	160,215
Total liabilities and stockholders' equity	\$ 193,529	\$ 204,320

See accompanying notes to condensed consolidated financial statements.

TRUECAR, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
(in thousands except per share data)  
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Revenues	\$ 41,052	\$ 36,980
Costs and operating expenses:		
Cost of revenue (exclusive of depreciation and amortization presented separately below)	4,261	3,846
Sales and marketing	22,082	26,766
Technology and development	8,123	12,498
General and administrative	9,486	10,846
Depreciation and amortization	4,585	4,191
Total costs and operating expenses	48,537	58,147
Loss from operations	(7,485)	(21,167)
Interest income	1,644	1,608
Loss before income taxes	(5,841)	(19,559)
Provision for income taxes	7	6
Net loss	\$ (5,848)	\$ (19,565)
Net loss per share, basic and diluted	\$ (0.06)	\$ (0.22)
Weighted average common shares outstanding, basic and diluted	91,234	88,647
<b>Other comprehensive loss:</b>		
Comprehensive loss	\$ (5,848)	\$ (19,565)

See accompanying notes to condensed consolidated financial statements.



TRUECAR, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(in thousands except share data)  
(Unaudited)

Three Months Ended March 31, 2024

	Common Stock		APIC	Accumulated Deficit	Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2023	91,091,541	\$ 9	\$ 722,504	\$ (562,298)	\$ 160,215
Net loss	—	—	—	(5,848)	(5,848)
Stock-based compensation	—	—	2,822	—	2,822
Shares issued in connection with employee stock plan, net of shares withheld for employee taxes	482,197	—	(1,156)	—	(1,156)
Balance at March 31, 2024	91,573,738	\$ 9	\$ 724,170	\$ (568,146)	\$ 156,033

Three Months Ended March 31, 2023

	Common Stock		APIC	Accumulated Deficit	Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2022	88,439,088	\$ 9	\$ 709,790	\$ (512,532)	\$ 197,267
Net loss	—	—	—	(19,565)	(19,565)
Stock-based compensation	—	—	4,930	—	4,930
Shares issued in connection with employee stock plan, net of shares withheld for employee taxes	622,680	—	(1,006)	—	(1,006)
Balance at March 31, 2023	89,061,768	\$ 9	\$ 713,714	\$ (532,097)	\$ 181,626

See accompanying notes to condensed consolidated financial statements.

**TRUECAR, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
<b>Cash flows from operating activities</b>		
Net loss	\$ (5,848)	\$ (19,565)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,585	4,191
Bad debt expense and other reserves	217	96
Stock-based compensation	2,632	4,708
Increase in the fair value of contingent consideration liability	92	591
Amortization of lease right-of-use assets	591	909
Impairment of right-of-use assets	—	351
Other noncash expense	383	194
Changes in operating assets and liabilities:		
Accounts receivable	2,941	(430)
Prepaid expenses and other assets	1,101	1,364
Accounts payable	2,309	560
Accrued employee expenses	(3,483)	(2,749)
Operating lease liabilities	(877)	(1,209)
Accrued expenses and other current liabilities	(2,594)	(1,160)
Other liabilities	—	48
Net cash provided by (used in) operating activities	2,049	(12,101)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(2,560)	(3,855)
Net cash used in investing activities	(2,560)	(3,855)
<b>Cash flows from financing activities</b>		
Payment of contingent consideration liability	(1,610)	(1,908)
Proceeds from exercise of common stock options	—	64
Taxes paid related to net share settlement of equity awards	(1,156)	(1,070)
Net cash used in financing activities	(2,766)	(2,914)
Net decrease in cash, cash equivalents and restricted cash	(3,277)	(18,870)
Cash, cash equivalents and restricted cash at beginning of period	136,964	175,518
Cash, cash equivalents and restricted cash at end of period	<u>\$ 133,687</u>	<u>\$ 156,648</u>

See accompanying notes to condensed consolidated financial statements.

**TRUECAR, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(Unaudited)  
(Continued)

	Three Months Ended March 31,	
	2024	2023
<b>Supplemental disclosures of non-cash activities</b>		
Stock-based compensation capitalized for software development	\$ 190	\$ 222
Capitalized assets included in accounts payable, accrued employee expenses and other accrued expenses	374	708

See accompanying notes to condensed consolidated financial statements.

**TRUECAR, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Organization and Nature of Business**

TrueCar, Inc. is an internet-based information, technology, and communication services company. Hereinafter, TrueCar, Inc. and its wholly owned subsidiaries TrueCar Dealer Solutions, Inc., Digital Motors Corporation, and TrueCar Wholesale Solutions, Inc. are collectively referred to as "TrueCar" or the "Company"; TrueCar Dealer Solutions, Inc. is referred to as "TCDS," Digital Motors Corporation is referred to as "Digital Motors," and TrueCar Wholesale Solutions, Inc. is referred to as "TCWS." TrueCar was incorporated in the state of Delaware in February 2005 and began business operations in April 2005. Its principal corporate offices are located in Santa Monica, California.

TrueCar is a digital automotive marketplace that (i) provides pricing transparency about what other people paid for their cars and enables consumers to engage with TrueCar Certified Dealers who are committed to providing a superior purchase experience; (ii) empowers Certified Dealers to attract these informed, in-market consumers in a cost-effective, accountable manner; and (iii) allows automobile manufacturers ("OEMs") to more effectively target their incentive spending at deep-in-market consumers during their purchase process. TrueCar has established a diverse software ecosystem on a common technology infrastructure, powered by proprietary data and analytics. Consumers access TrueCar's platform through the TrueCar.com website and TrueCar mobile applications or through the car buying websites and mobile applications that TrueCar operates for its affinity group marketing partners ("Auto Buying Programs"). An affinity group is comprised of a network of members or employees that provides discounts to its members.

Through its subsidiary, TCDS, the Company provides its Trade and Payments solutions. TCDS also supports the Company's Sell Your Car product. The Sell Your Car and Trade solutions give consumers information on the value of the vehicle they wish to sell or trade-in and enables them to obtain a guaranteed trade-in price before setting foot in the dealership. This valuation is, in turn, backed by a guarantee to dealers that the vehicles will be repurchased at the indicated price if the dealer does not want to keep them. The Company's Payments solution helps consumers calculate accurate monthly payments.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The Company's unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and applicable rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for quarterly reports on Form 10-Q and Article 10-1 of Regulation S-X. Accordingly, some information and footnote disclosures required by GAAP for complete financial statements have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements and notes have been prepared on the same basis as the audited consolidated financial statements for the year ended December 31, 2023, and include all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the interim periods presented.

The condensed consolidated balance sheet at December 31, 2023 has been derived from the audited financial statements at that date, but does not include all of the disclosures required by GAAP. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Form 10-K filed with the SEC on February 22, 2024.

**Principles of Consolidation**

The accompanying condensed consolidated financial statements include the accounts of TrueCar and its wholly owned subsidiaries. Business acquisitions are included in the Company's condensed consolidated financial statements from the date of the acquisition. The Company's purchase accounting results in all assets and liabilities of acquired businesses being recorded at their estimated fair values on the acquisition dates. All intercompany balances and transactions have been eliminated in consolidation.

## **Use of Estimates**

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Assets and liabilities that are subject to judgment and use of estimates include sales allowances and allowances for doubtful accounts, contract assets, the fair value of assets and liabilities assumed in business combinations, the recoverability and related impairment of long-lived assets, valuation allowances with respect to deferred tax assets, useful lives associated with property and equipment and intangible assets, measurement of right-of-use assets and operating lease liabilities, contingencies, and the valuation and assumptions underlying stock-based compensation awards. On an ongoing basis, the Company evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities. In addition, the Company engaged valuation specialists to assist with management's determination of the fair values related to right-of-use assets and lease liabilities, assets and liabilities assumed in business combinations, and performance-based stock units.

## **Segments**

The Company has one operating segment. From January 1, 2024 through March 31, 2024, the Company's chief operating decision maker (the "CODM") was comprised solely of the President and Chief Executive Officer ("CEO") who managed the Company's operations based on consolidated financial information for purposes of evaluating financial performance and allocating resources.

The CODM reviews financial information on a consolidated basis, accompanied by information about dealer revenue, OEM incentive revenue, and other revenue (Note 9). All of the Company's principal operations, decision-making functions and assets are located in the United States.

## **Cash and Cash Equivalents**

The Company considers all highly liquid investments purchased with an original or remaining maturity at the date of purchase of three months or less to be cash equivalents. At March 31, 2024 and December 31, 2023, cash and cash equivalents were comprised primarily of cash held in money market funds and checking accounts. At March 31, 2024 and December 31, 2023, cash and cash equivalents included restricted cash used to collateralize a letter of credit to secure certain of the Company's obligations under one of its office leases.

## **Allowance for Doubtful Accounts**

The Company determines its allowance for doubtful accounts based on historical write-off experience and specific circumstances that make it likely that recovery will not occur. The Company reviews the allowance for doubtful accounts periodically and assesses the aging of account balances, with an emphasis on those that are past due over ninety days. Account balances are charged off against the allowance when the Company determines that it is probable the receivable will not be recovered.

The Company considers the need to adjust historical information to reflect the extent to which the Company expects current conditions and reasonable and supportable forecasts to differ from the conditions that existed for the period over which historical information was evaluated. The primary current and future economic indicators that the Company uses to develop its current estimate of expected credit losses include the current and forecast U.S. Gross Domestic Product (GDP).

The Company calculates the expected credit losses on a pool basis for those trade receivables that have similar risk characteristics. For those trade receivables that do not share similar risk characteristics, the allowance for doubtful accounts is calculated on an individual basis. Risk characteristics relevant to the Company's accounts receivable include revenue billing model and aging status.

The following table summarizes the changes in the allowance for doubtful accounts and sales allowances (in thousands):

	Three Months Ended March 31,	
	2024	2023
Allowances, at beginning of period	\$ 1,118	\$ 1,073
Charged as a reduction of revenue	430	704
Charged to bad debt expense in general and administrative expenses	217	96
Write-offs, net of recoveries	(800)	(782)
Allowances, at end of period	\$ 965	\$ 1,091

The Company's assessment considered business and market disruptions impacting its customers and estimates of expected emerging credit and collectability trends. The continued volatility in market conditions and interest rates and the impact of ongoing supply chain disruptions are difficult to predict, causing variability and volatility that may have a material impact on the Company's allowance for credit losses in future periods.

### 3. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Accounting standards describe a fair value hierarchy based on the following three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets, liabilities, or funds.
- Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amounts of cash equivalents, restricted cash, accounts receivable, prepaid and other current assets, accounts payable, and accrued expenses and other current liabilities approximate fair value because of the short maturity of these items.

The Company recorded a contingent consideration liability upon the acquisition of Digital Motors in 2022. The contingent consideration is measured at fair value and is based on significant inputs not observable in the market which include the probability of achieving certain future targets. This represents a Level 3 measurement within the fair-value hierarchy. The valuation of contingent consideration uses assumptions the Company believes a market participant would make. The Company assesses these estimates on an ongoing basis as it obtains additional data impacting the assumptions. Changes in the fair value of contingent consideration related to updated assumptions and estimates are recognized within the condensed consolidated statements of comprehensive loss. During the second quarter of 2023 the Company amended the purchase agreement in connection with its Restructuring Plan (Note 5) such that the future targets were considered 100% achieved, and as a result, there were no significant unobservable inputs used to measure the contingent consideration liability as of March 31, 2024.

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis at March 31, 2024 and December 31, 2023 by level within the fair value hierarchy. The current and non-current portions of contingent consideration reside within "Accrued expenses and other current liabilities" and "Other liabilities", respectively, within the condensed consolidated balance sheet. These assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement (in thousands):

	At March 31, 2024				At December 31, 2023			
	Level 1	Level 2	Level 3	Total Fair	Level 1	Level 2	Level 3	Total Fair
				Value				Value
<b>Assets:</b>								
Cash equivalents	\$ 124,255	\$ —	\$ —	\$ 124,255	\$ 119,735	\$ —	\$ —	\$ 119,735
Total assets	\$ 124,255	\$ —	\$ —	\$ 124,255	\$ 119,735	\$ —	\$ —	\$ 119,735

	At March 31, 2024				At December 31, 2023			
	Level 1	Level 2	Level 3	Total Fair	Level 1	Level 2	Level 3	Total Fair
				Value				Value
<b>Liabilities:</b>								
Contingent consideration, current	\$ —	\$ —	\$ 3,684	\$ 3,684	\$ —	\$ —	\$ 1,981	\$ 1,981
Contingent consideration, non-current	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,611	\$ 3,611
Total liabilities	\$ —	\$ —	\$ 3,684	\$ 3,684	\$ —	\$ —	\$ 5,592	\$ 5,592

#### *Contingent Consideration Obligations*

The following table summarizes the changes in the fair value of the contingent consideration obligation related to the Company's acquisition of Digital Motors (in thousands):

	Three Months Ended March 31,	
	2024	2023
Fair value, beginning of period	\$ 5,592	\$ 6,661
Cash payments	(2,000)	(2,000)
Changes in fair value	92	591
Fair value, end of period	\$ 3,684	\$ 5,252

#### 4. Property and Equipment, net

Property and equipment consisted of the following at March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
Computer equipment and internally developed software	\$ 89,710	\$ 87,830
Furniture and fixtures	1,527	1,527
Leasehold improvements	8,694	8,694
	99,931	98,051
Less: Accumulated depreciation	(82,019)	(79,171)
Total property and equipment, net	\$ 17,912	\$ 18,880

Included in the table above are property and equipment of \$ 0.6 million and \$1.0 million at March 31, 2024 and December 31, 2023, respectively, which are capitalizable but had not yet been placed in service. These balances were comprised primarily of capitalized software not ready for its intended use.

Total depreciation and amortization expense of property and equipment was \$ 3.0 million for the three months ended March 31, 2024 and 2023.

Amortization of internal use capitalized software development costs was \$ 2.8 million for the three months ended March 31, 2024 and 2023.

#### 5. Commitments and Contingencies

##### Reorganization

In June 2023, the Company committed to a restructuring plan (the "Restructuring Plan") in furtherance of its efforts to enhance productivity and efficiency, preserve profitability and streamline its organizational structure to better align operations with its long-term commitment to providing an enhanced consumer experience. The Company recorded restructuring costs of approximately \$7.2 million during the year ended December 31, 2023 in connection with the Restructuring Plan. The Company did not record any restructuring costs in the first quarter of 2024 related to the Restructuring Plan and does not expect to incur significant additional charges in future periods related to the Restructuring Plan.

The following table presents a roll forward of the Restructuring Plan costs liability for the three months ended March 31, 2024 (in thousands):

	Restructuring Costs Liability
Accrual at December 31, 2023	\$ 951
Expense	—
Cash Payments	(795)
Accrual at March 31, 2024	\$ 156

##### Legal Proceedings

From time to time, the Company may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. When the Company becomes aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. In accordance with authoritative guidance, the Company records loss contingencies in its financial statements only for matters in which losses are probable and can be reasonably estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability. If the loss is not probable or the amount of the loss cannot be reasonably estimated, the Company discloses the nature of the specific claim if the likelihood of a potential loss is reasonably possible and the amount involved is material. The Company continuously assesses the potential liability related to the Company's pending litigation and revises its estimates when additional information becomes available. The Company is not currently a party to any material legal proceedings.



## Employment Contracts

The Company has entered into employment contracts with certain executives of the Company. Employment under these contracts is at-will employment. However, under the provisions of the contracts, the Company would incur severance obligations of up to twelve months of the executive's annual base salary for certain events such as involuntary terminations.

## Indemnifications

In the ordinary course of business, the Company may provide indemnities of varying scope and terms to customers, vendors, lessors, investors, directors, officers, employees and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company, or intellectual property infringement claims made by third parties. While the Company's future obligations under certain of these agreements may contain limitations on liability for indemnification, other agreements do not contain such limitations and under such agreements it is not possible to predict the maximum potential amount of future payments due to the conditional nature of the Company's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under such indemnities have not had a material effect on the Company's business, financial condition, results of operations or cash flows. Additionally, the Company does not believe that any amounts that it may be required to pay under these indemnities in the future will be material to the Company's business, financial position, results of operations, or cash flows.

## 6. Stock-based Awards

### Stock Options

A summary of the Company's stock option activity for the three months ended March 31, 2024 is as follows:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (in years)
Outstanding at December 31, 2023	2,240,898	\$ 10.65	3.1
Granted	—	—	
Exercised	—	—	
Forfeited/expired	(299,093)	11.56	
Outstanding at March 31, 2024	1,941,805	\$ 10.51	3.1

At March 31, 2024, total remaining stock-based compensation expense for unvested stock option awards was \$ 0.2 million, which is expected to be recognized over a weighted-average period of 1.0 year. For the three months ended March 31, 2024 and 2023, the Company recorded stock-based compensation expense for stock option awards of \$0.1 million and \$0.3 million, respectively.

### Restricted Stock Units

Activity in connection with restricted stock units is as follows for the three months ended March 31, 2024:

	Number of Shares	Weighted- Average Grant Date Fair Value
Non-vested — December 31, 2023	5,763,510	\$ 2.94
Granted	2,749,085	3.54
Vested	(454,020)	3.46
Forfeited	(423,586)	3.28
Non-vested — March 31, 2024	7,634,989	\$ 3.11

At March 31, 2024, total remaining stock-based compensation expense for non-vested restricted stock units was \$ 21.9 million, which is expected to be recognized over a weighted-average period of 3.0 years. For the three months ended March 31, 2024 and 2023, the Company recorded \$1.8 million and \$3.2 million in stock-based compensation expense for restricted stock units, respectively.

#### Performance Stock Units

Activity in connection with performance stock units is as follows for the three months ended March 31, 2024:

	Number of Shares	Weighted- Average Grant Date Fair Value
Outstanding — December 31, 2023	2,518,556	\$ 4.18
Granted	1,231,577	4.39
Vested	(364,837)	5.99
Forfeited	(131,555)	5.25
Outstanding — March 31, 2024	3,253,741	\$ 4.01

At March 31, 2024, total remaining stock-based compensation expense for non-vested performance stock units was \$ 7.9 million, which is expected to be recognized over a weighted-average period of 2.5 years. For the three months ended March 31, 2024 and 2023, the Company recorded \$ 0.7 million and \$1.2 million in stock-based compensation expense for performance stock units, respectively.

#### Stock-based Compensation Cost

The Company recorded stock-based compensation cost relating to stock options, restricted stock units, and performance stock units in the following categories on the accompanying condensed consolidated statements of comprehensive loss (in thousands):

	Three Months Ended March 31,	
	2024	2023
Cost of revenue	\$ 52	\$ 50
Sales and marketing	399	1,895
Technology and development	496	1,017
General and administrative	1,685	1,746
Total stock-based compensation expense	2,632	4,708
Amount capitalized to internal software use	190	222
Total stock-based compensation cost	\$ 2,822	\$ 4,930

## 7. Income Taxes

In determining quarterly provisions for income taxes, the Company uses the annual estimated effective tax rate applied to the actual year-to-date loss, adjusted for discrete items, if any, that are taken into account in the relevant period. The Company's annual estimated effective tax rate differs from the statutory rate primarily as a result of state taxes and changes in the Company's valuation allowance.

The Company recorded income tax expense of less than \$0.1 million for the three months ended March 31, 2024 and 2023, respectively. The Company's provision for income taxes for the three months ended March 31, 2024 and 2023 reflects state income tax expense. The Company continues to maintain a full valuation allowance as it is more likely than not that the Company's net deferred tax assets will not be realized.

There were no material changes to the Company's unrecognized tax benefits in the three months ended March 31, 2024, and the Company does not expect to have significant changes to unrecognized tax benefits through the end of the fiscal year.

The Company is subject to United States federal and state taxation. Due to the presence of net operating loss carryforwards, all income tax years remain open for examination by the Internal Revenue Service (the "IRS") and various state taxing authorities. The Company is not currently under IRS or state tax examination.

## 8. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except per share data):

	Three Months Ended March 31,	
	2024	2023
Net loss	\$ (5,848)	\$ (19,565)
Weighted average common shares outstanding, basic and diluted	91,234	88,647
Net loss per share, basic and diluted	\$ (0.06)	\$ (0.22)

The following table presents the number of anti-dilutive shares excluded from the calculation of diluted loss per share at March 31, 2024 and 2023 (in thousands):

	March 31,	
	2024	2023
Options to purchase common stock	1,942	4,550
Unvested restricted stock units	7,635	10,163
Unvested performance stock units	3,254	3,632
Total shares excluded from net loss per share	12,831	18,345

### Share Repurchase Program

In July 2020, the Company's board of directors authorized an open market stock repurchase program (the "Program") of up to \$ 75 million to allow for the repurchase of shares of the Company's common stock through September 30, 2022. In May 2021, the Company's board of directors increased the authorization of the Program by an additional \$75 million, bringing the total authorization to \$ 150 million. In July 2022, the Company's board of directors extended the expiration of the Program until September 30, 2024. In February 2024, the Program had a remaining authorization of \$45.8 million and the Company's board of directors increased the authorization of the Program by \$54.2 million, bringing the total remaining authorization to \$ 100 million, as well as extended the expiration of the program until December 31, 2026. The timing and amount of any repurchases will be determined by Company management based on its evaluation of market conditions and other factors. Repurchases of the Company's common stock may be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws, open market purchases, privately-negotiated transactions, block purchases or otherwise in accordance with applicable federal securities laws. The Program may be suspended or discontinued at any time and does not obligate the Company to purchase any minimum number of shares. The Company had no share repurchases during the three months ended March 31, 2024 nor the three months ended March 31, 2023. As of March 31, 2024, the Company had a remaining authorization of \$100 million for future share repurchases.

## 9. Revenue Information

### Disaggregation of Revenue

The Company disaggregates revenue into three revenue streams: dealer revenue, OEM incentives revenue, and other revenue. The following table presents the Company's revenue categories during the periods presented (in thousands):

	Three Months Ended March 31,	
	2024	2023
Dealer revenue	\$ 36,046	\$ 35,831
OEM incentives revenue	4,864	1,039
Other revenue	142	110
Total revenues	<u>\$ 41,052</u>	<u>\$ 36,980</u>

### Contract Balances

The Company's contract asset balance for estimated variable consideration to be received upon the occurrence of subsequent vehicle sales is included within other current assets and is distinguished from accounts receivable in that these amounts are conditional upon subsequent sales and not only upon the passage of time. Substantially all of the contract asset balances of \$0.9 million at December 31, 2023 were transferred to accounts receivable during the three months ended March 31, 2024 as vehicle sales occurred, with no significant changes in the estimate. A contract asset of \$1.0 million and \$0.9 million was recorded as of March 31, 2024 and December 31, 2023, respectively, for leads delivered where consideration to be received was still conditional upon subsequent vehicle sales.

## 10. Subsequent Events

### Lease Termination

On April 10, 2024, the Company notified Mani Brothers Portofino Plaza (DE), LLC, a Delaware limited liability company (the "Landlord") that the Company was terminating its office building lease (the "Lease") located at 1401 Ocean Avenue, Santa Monica, California (the "Premises"), effective immediately, due to the Landlord's breach of the Lease and related conduct by the Landlord. Also on April 10, 2024, the Company filed a lawsuit in Los Angeles Superior Court, seeking a declaratory judgment that its termination of the Lease was justified under applicable California law, along with certain other relief. A letter of credit with a principal amount of \$1,750,000 (the "Letter of Credit") secures the Company's obligations under the Lease. As described in Note 2, the full principal amount of the Letter of Credit is collateralized by restricted cash. On April 18, 2024, the Landlord notified each of the Company and the bank that issued the Letter of Credit that the Landlord was drawing down the full amount available under the Letter of Credit. The Company vacated and returned possession of the Premises on April 30, 2024.

As of March 31, 2024, the right of use asset and lease liability associated with the Lease amounted to \$ 6.9 million and \$8.7 million, respectively. Prior to termination, the remaining payments under the lease as of March 31, 2024, was \$10.3 million.

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes thereto included in Item 1 "Financial Statements" in this Quarterly Report on Form 10-Q. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those discussed in the section titled "Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q. See "Special Note Regarding Forward-Looking Statements."

### Overview

TrueCar is a leading automotive digital marketplace that enables car buyers to connect to our network of Certified Dealers. We are building the industry's most personalized and efficient car buying experience as we seek to bring more of the purchasing process online.

We have established a diverse software ecosystem on a common technology infrastructure, powered by proprietary data and analytics. Our company-branded platform is available on our TrueCar website and mobile applications. In addition, we customize and operate our platform on a co-branded basis for our many affinity group marketing partners, including financial institutions such as Navy Federal, PenFed and American Express; membership-based organizations such as Consumer Reports, AARP, Sam's Club, and AAA; and employee buying programs for large enterprises such as IBM and Walmart. We enable users to obtain market-based pricing data on new and used cars, and to connect with our network of TrueCar Certified Dealers. We also allow automobile manufacturers, known in the industry as OEMs, to connect with TrueCar users during the purchase process and efficiently deliver targeted incentives to consumers.

We benefit consumers by providing information related to what others have paid for a make, model and trim of car in their area and price offers on actual vehicle inventory, which we refer to as VIN-based offers, from our network of TrueCar Certified Dealers. VIN-based offers provide consumers with price offers for specific vehicles from specific dealers. We benefit our network of TrueCar Certified Dealers by enabling them to attract these informed, in-market consumers in a cost-effective, accountable manner, which we believe helps them to sell more cars profitably. We benefit OEMs by allowing them to more effectively target their incentive spending at deep-in-market consumers during their purchase process.

Our network of TrueCar Certified Dealers consists primarily of new car franchises, representing all major makes of cars, as well as independent dealers selling used vehicles. TrueCar Certified Dealers operate in all 50 states and the District of Columbia. Our subsidiary, TCDS, provides our Trade and Payments solutions. TCDS also supports our Sell Your Car product. Our Sell Your Car and Trade solutions give consumers information on the value of the vehicle they wish to sell or trade-in. Consumers using our Sell Your Car or TrueCar+ Trade products are provided with a conditional offer, which we refer to as a True Cash Offer, for their vehicle, all through our online platform. True Cash Offers are determined by TCWS, and, where applicable, are backed by a guarantee from TCWS to the dealer that the vehicle will be repurchased at the indicated price if the dealer does not wish to keep it. Our Payments solution helps consumers calculate accurate monthly payments to streamline the consumer's experience from shopping to showroom.

During the three months ended March 31, 2024, we generated revenues of \$41.1 million and recorded a loss of \$5.8 million. During the three months ended March 31, 2023, we generated revenues of \$37.0 million and recorded a loss of \$19.6 million.

## Market Environment

The larger macroeconomic environment has resulted and will continue to result in significant economic disruptions to the Company's business. Economic uncertainty, resulting in part from the coronavirus pandemic, limited new vehicle inventories, rising vehicle costs and the automotive chip shortage, have affected our business, operations and financial results as reflected in the decline in revenues experienced in previous quarters. While our revenues increased in the three months ended March 31, 2024, we may not sustain such increases and may experience negative effects on our results of operations, financial condition and cash flows in the future due to numerous uncertainties. OEMs have been forced to cut production because of supply-chain disruption and the global automotive semiconductor chip shortage. The ensuing automobile inventory shortage resulted in significant unmet demand, with automotive dealers seeing some incoming new car shipments presold. At the same time, wider economic inflation led to the Federal Reserve raising interest rates, which along with the expectation that interest rates will remain high for the foreseeable future will continue to impact the U.S. economy. Domestically, consumers are concerned about inflation and although employment remains strong, a possible recession stemming from tighter monetary policy is also negatively weighing on consumer sentiment and spending. The resumption of student loan payments in the second half of 2023 and higher interest rates could also reduce consumer demand. Dealers may also respond to higher interest rates by reducing the amount of inventory purchased due to higher financing costs. Inventory shortages along with pressure on consumer demand may impact the decision of our current network of Certified Dealers and OEMs to cancel or pause our services and product offerings and could discourage new dealers and OEMs from joining our network. Refer to Part II, Item 1A, Risk Factors, for additional disclosures of risks related to the macroeconomic climate, the lingering effects of the coronavirus pandemic, the global automotive semiconductor chip shortage, inflation and interest rates.

## Key Metrics

We regularly review a number of key metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make operating and strategic decisions.

	Three Months Ended March 31,	
	2024	2023
Average Monthly Unique Visitors	7,725,630	8,667,079
Units (1)	78,903	76,458
Monetization	\$ 518	\$ 482
Franchise Dealer Count	8,205	7,961
Independent Dealer Count	3,183	3,871

(1) We issued full credits of the amount originally invoiced with respect to 953 and 1,215 units during the three months ended March 31, 2024 and 2023, respectively. The number of units has not been adjusted downwards related to units credited as discussed in the description of the unit metric below.

### Average Monthly Unique Visitors

We define a monthly unique visitor as an individual who has visited our website, our landing page on our affinity group marketing partner sites, or our mobile applications within a calendar month. We identify unique visitors through cookies for browser-based visits on either a desktop computer or mobile device and through device IDs for mobile application visits. In addition, if a TrueCar.com user logs in, we supplement their identification with their log-in credentials to attempt to avoid double counting on TrueCar.com across devices, browsers and mobile applications. If an individual accesses our service using different devices or different browsers on the same device within a given month, the first access through each such device or browser is counted as a separate monthly unique visitor, except where adjusted based upon TrueCar.com log-in information. We calculate average monthly unique visitors as the sum of the monthly unique visitors in a given period, divided by the number of months in the period. We view our average monthly unique visitors as a key indicator of the growth in our business and audience reach, the strength of our brand, and the visibility of car-buying services to the member base of our affinity group marketing partners.

The number of average monthly unique visitors decreased 10.9% to approximately 7.7 million in the three months ended March 31, 2024 from approximately 8.7 million in the same period of 2023 primarily due to more efficient marketing spend.

### Units

We define units as the number of automobiles purchased from TrueCar Certified Dealers that are matched to users of TrueCar.com, our TrueCar-branded mobile applications or the car-buying sites and mobile applications we maintain for our affinity group marketing partners. A unit is counted after we have matched the sale to a TrueCar user with a TrueCar Certified Dealer. We view units as a key indicator of the health of our business, the effectiveness of our product and the size and geographic coverage of our network of TrueCar Certified Dealers.

On occasion, we issue credits to our TrueCar Certified Dealers with respect to units sold. However, we do not adjust our unit metric for these credits as we believe that in most cases a vehicle has in fact been purchased through our platform given the high degree of accuracy of our sales matching process. Credits are most frequently issued to a dealer that claims that it had a pre-existing relationship with a purchaser of a vehicle, and we determine whether we will issue a credit based on a number of factors, including the facts and circumstances related to the dealer claim and the level of claim activity at the dealership. In most cases, we issue credits in order to maintain strong business relations with the dealer and not because we have made an erroneous sales match or billing error. The decrease in the number of full credits issued during the period is primarily due to a shift toward subscription-based billing, which resulted in a decrease in dealers billed on a pay-per-sale model.

The number of units increased 3.2% to 78,903 units in the three months ended March 31, 2024 from 76,458 units in the three months ended March 31, 2023. The unit increase is primarily due to improvements in prospect conversion and close rates.

**Monetization**

We define monetization as the average transaction revenue per unit, which we calculate by dividing all of our transaction revenue (dealer revenue and OEM incentives revenue) in a given period by the number of units in that period. Our monetization increased to \$518 for the three months ended March 31, 2024 as compared to \$482 for the three months ended March 31, 2023. The increase is primarily due to higher OEM incentive revenue.

**Franchise Dealer Count**

We define franchise dealer count as the number of franchise dealers in the network of TrueCar Certified Dealers at the end of a given period. This number is calculated by counting the number of brands of new cars sold at each individual location, or rooftop, regardless of the size of the dealership that owns the rooftop. The network is comprised of dealers with a range of unit sales volume per dealer, with dealers representing certain brands consistently achieving higher than average unit sales volume. We view our ability to increase our franchise dealer count, particularly dealers representing high volume brands, as an indicator of our market penetration and the likelihood of converting users of our platform into unit sales. Our TrueCar Certified Dealer network includes independent non-franchised dealers that primarily sell used cars and are not included in franchise dealer count.

Our franchise dealer count was 8,205 at March 31, 2024, an increase from 7,961 at March 31, 2023, and a slight decrease from 8,232 at December 31, 2023. The increase in franchise dealer count year over year is primarily due to the increase in new vehicle inventory, resulting in franchise dealers beginning to increase their spending on marketing.

**Independent Dealer Count**

We define independent dealer count as the number of dealers in the network of TrueCar Certified Dealers at the end of a given period that exclusively sell used vehicles. This number is calculated by counting each location, or rooftop, individually, regardless of the size of the dealership that owns the rooftop. Our independent dealer count was 3,183 at March 31, 2024, a decrease from 3,871 at March 31, 2023, and a decrease from 3,268 at December 31, 2023. The decrease in independent dealer count is primarily due to certain of our independent dealers being acquired in recent industry consolidations or going out of business as higher interest rates on dealer floor plans have put pressure on dealers along with price volatility.



## Non-GAAP Financial Measures

Adjusted EBITDA is a financial measure that is not calculated in accordance with generally accepted accounting principles in the United States, or GAAP. We define Adjusted EBITDA as net loss adjusted to exclude interest income, depreciation and amortization, stock-based compensation, changes in the fair value of contingent consideration liability, impairment of right-of-use ("ROU") assets, restructuring charges, and income taxes. We have provided below a reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure. Adjusted EBITDA should not be considered as an alternative to net loss or any other measure of financial performance calculated and presented in accordance with GAAP. In addition, our Adjusted EBITDA measure may not be comparable to similarly titled measures of other organizations as they may not calculate Adjusted EBITDA in the same manner as we calculate this measure.

We use Adjusted EBITDA as an operating performance measure as it is (i) an integral part of our reporting and planning processes; (ii) used by our management and board of directors to assess our operational performance, and together with operational objectives, as a measure in evaluating employee compensation and bonuses; and (iii) used by our management to make financial and strategic planning decisions regarding future operating investments. We believe that using Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis because it excludes variations primarily caused by changes in the excluded items noted above. In addition, we believe that Adjusted EBITDA and similar measures are widely used by investors, securities analysts, rating agencies and other parties in evaluating companies as measures of financial performance and debt service capabilities.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect the receipt of interest or the payment of income taxes;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditures or any other contractual commitments;
- Adjusted EBITDA does not reflect impairment charges on our ROU assets associated with subleasing;
- Adjusted EBITDA does not reflect changes in the fair value of our contingent consideration liability;
- Adjusted EBITDA does not reflect the charges associated with a realignment of the Company's leadership structure;
- Adjusted EBITDA does not consider the potentially dilutive impact of shares issued or to be issued in connection with stock-based compensation; and
- other companies, including companies in our own industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including our net loss, our other GAAP results, and various cash flow metrics. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future we will incur expenses such as those that are the subject of adjustments in deriving Adjusted EBITDA, and you should not infer from our presentation of Adjusted EBITDA that our future results will not be affected by these expenses or any unusual or non-recurring items.

The following table presents a reconciliation of net loss to Adjusted EBITDA for each of the periods presented:

	Three Months Ended March 31,	
	2024	2023
(in thousands)		
<b>Reconciliation of Net Loss to Adjusted EBITDA:</b>		
Net loss	\$ (5,848)	\$ (19,565)
Non-GAAP adjustments:		
Interest income	(1,644)	(1,608)
Depreciation and amortization	4,585	4,191
Stock-based compensation	2,632	4,708
Restructuring charges (1)	1,112	—
Change in fair value of contingent consideration liability	92	591
Impairment of right-of-use ("ROU") assets (2)	—	351
Provision for income taxes	7	6
Adjusted EBITDA	\$ 936	\$ (11,326)

- (1) The excluded amounts represent charges associated with the realignment of the Company's leadership structure beginning in the third quarter of 2023. We consider these charges to be unrelated to our underlying results of operations and believe that their exclusion is appropriate to facilitate period-to-period operating performance comparisons.
- (2) The excluded amount represents impairment charges on our ROU assets associated with certain of our existing office locations. We consider these charges to be unrelated to our underlying results of operations and believe that their exclusion is appropriate to facilitate period-to-period operating performance comparisons.

## Components of Operating Results

### Revenues

Our revenues are comprised primarily of dealer revenue and OEM incentives revenue. We recognize transaction revenue for certain of our Auto Buying Program and OEM incentives arrangements at the time introductions and incentives are delivered based upon expected subsequent vehicle sales between the Auto Buying Program user and the dealer.

### Costs and Operating Expenses

*Cost of Revenue (exclusive of depreciation and amortization).* Cost of revenue includes expenses related to the fulfillment of our services, consisting primarily of data costs and licensing fees paid to third-party service providers and expenses related to operating our website and mobile applications, including those associated with hosting fees, data processing costs required to deliver introductions to our network of TrueCar Certified Dealers, employee costs related to certain dealer operations, and facilities costs. Cost of revenue excludes depreciation and amortization of software costs and other hosting and data infrastructure equipment used to operate our platforms, which are included in the depreciation and amortization line item on our condensed consolidated statements of comprehensive loss.

*Sales and Marketing.* Sales and marketing expenses consist primarily of digital customer acquisition and digital advertising; media production costs; affinity group partner marketing fees, which also include loan subvention costs where we pay certain affinity group marketing partners a portion of consumers' borrowing costs for car loan products offered by these affinity group marketing partners; and marketing sponsorship programs. In addition, sales and marketing expenses include employee-related expenses for sales, customer support, marketing and public relations employees, including salaries, bonuses, benefits, severance, and stock-based compensation expenses; third-party contractor fees; and facilities costs. Marketing and advertising costs promote our services and are expensed as incurred, except for media production costs, which are expensed the first time the advertisement is aired.

*Technology and Development.* Technology and development expenses consist primarily of employee-related expenses, including salaries, bonuses, benefits, severance, and stock-based compensation expenses; third-party contractor fees; facilities costs; software costs; and costs associated with our product development, product management, research and analytics, and internal IT functions.

*General and Administrative.* General and administrative expenses consist primarily of employee-related expenses, including salaries, bonuses, benefits, severance, and stock-based compensation expenses for executive, finance, accounting, legal, and human resources functions. General and administrative expenses also include legal, accounting, and other third-party professional service fees, bad debt, impairment of ROU assets, and facilities costs.

*Depreciation and Amortization.* Depreciation consists primarily of depreciation expense recorded on property and equipment. Amortization expense consists primarily of amortization recorded on intangible assets, capitalized software costs and leasehold improvements.

*Interest Income.* Interest income consists of interest earned on our cash, cash equivalents and restricted cash.

*Provision for Income Taxes.* We are subject to federal and state income taxes in the United States. We provided a full valuation allowance against our net deferred tax assets at March 31, 2024 and December 31, 2023, as it is more likely than not that some or all of our deferred tax assets will not be realized. As a result of the valuation allowance, our income tax expense is significantly less than the federal statutory rate of 21%. For the three months ended March 31, 2024 and 2023, our provision for income taxes reflects state income tax expense.

## Results of Operations

The following table sets forth our selected consolidated statements of operations data for each of the periods indicated.

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Consolidated Statements of Operations Data:		
Revenues	\$ 41,052	\$ 36,980
Costs and operating expenses:		
Cost of revenue (exclusive of depreciation and amortization presented separately below)	4,261	3,840
Sales and marketing	22,082	26,760
Technology and development	8,123	12,490
General and administrative	9,486	10,840
Depreciation and amortization	4,585	4,190
Total costs and operating expenses	48,537	58,140
Loss from operations	(7,485)	(21,160)
Interest income	1,644	1,600
Loss before income taxes	(5,841)	(19,550)
Provision for income taxes	7	0
Net loss	\$ (5,848)	\$ (19,560)
Other Non-GAAP Financial Information:		
Adjusted EBITDA	\$ 936	\$ (11,320)

## Comparison of the Three Months Ended March 31, 2024 and 2023

### Revenues

	Three Months Ended March 31,			
	2024		2023	
	(in thousands)			
Dealer revenue	\$	36,046	\$	35,831
OEM incentives revenue		4,864		1,039
Other revenue		142		110
Total revenues	\$	41,052	\$	36,980

**Three months ended March 31, 2024 compared to three months ended March 31, 2023** . The increase in our total revenues of \$4.1 million, or 11.0%, for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 was mainly due to an increase in OEM incentives revenue driven by the activation of new incentive programs. Dealer revenue, OEM incentives revenue, and Other revenue represented 87.8%, 11.9%, and 0.3%, respectively, of revenues for the three months ended March 31, 2024 as compared to 96.9%, 2.8%, and 0.3%, respectively, for the same period in 2023.

### Costs and Operating Expenses

#### Cost of Revenue (exclusive of depreciation and amortization)

	Three Months Ended March 31,			
	2024		2023	
	(dollars in thousands)			
Cost of revenue (exclusive of depreciation and amortization)	\$	4,261	\$	3,846
Cost of revenue (exclusive of depreciation and amortization) as a percentage of revenues		10.4	%	10.4
				%

**Three months ended March 31, 2024 compared to three months ended March 31, 2023** . Cost of revenue was relatively flat as a percentage of revenue, increasing \$0.4 million, or 10.8%, for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023.

#### Sales and Marketing Expenses

	Three Months Ended March 31,			
	2024		2023	
	(dollars in thousands)			
Sales and marketing expenses	\$	22,082	\$	26,766
Sales and marketing expenses as a percentage of revenues		53.8 %		72.4 %

**Three months ended March 31, 2024 compared to three months ended March 31, 2023** . Sales and marketing expenses decreased \$4.7 million, or 17.5%, for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The decrease primarily reflects a \$4.0 million decrease in recurring employee-related expenses and a \$0.7 million decrease in branded media spend. The decrease is partially offset by \$0.3 million in charges associated with a realignment of the Company's leadership structure. We expect branded media spend to continue to fluctuate as changes in the overall market environment impacts conversion rates and the efficiency of branded media spend. We expect to incur incremental branded media expenses to support TrueCar+ and other initiatives.

### Technology and Development Expenses

	Three Months Ended March 31,			
	2024		2023	
	(dollars in thousands)			
Technology and development expenses	\$	8,123	\$	12,498
Technology and development expenses as a percentage of revenues		19.8	%	33.8
Capitalized software costs	\$	2,233	\$	3,475

**Three months ended March 31, 2024 compared to three months ended March 31, 2023** . Technology and development expenses decreased \$4.4 million, or 35.0%, for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The decrease was primarily due to a \$3.6 million decrease in recurring employee-related expenses, a \$0.3 million decrease in professional service fees, and a \$0.3 million decrease in hosting costs. The decrease was partially offset by a \$0.5 million increase in charges associated with a realignment of the Company's leadership structure.

Capitalized software costs decreased by \$1.2 million, primarily due to a \$0.9 million decrease in internal capitalized software costs and a \$0.3 million decrease in third-party software costs.

### General and Administrative Expenses

	Three Months Ended March 31,			
	2024		2023	
	(dollars in thousands)			
General and administrative expenses	\$	9,486	\$	10,846
General and administrative expenses as a percentage of revenues		23.1 %		29.3 %

**Three months ended March 31, 2024 compared to three months ended March 31, 2023** . General and administrative expenses decreased \$1.4 million, or 12.5%, for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The decrease primarily reflects a \$0.5 million decrease in recurring employee-related expenses, \$0.5 million decrease in the fair value adjustment of the contingent consideration liability related to the Digital Motors acquisition, and a \$0.4 million decrease in lease exit costs. The decrease was partially offset by \$0.3 million in charges associated with a realignment of the Company's leadership structure.

### Depreciation and Amortization Expenses

	Three Months Ended March 31,			
	2024		2023	
	(in thousands)			
Depreciation and amortization expenses	\$	4,585	\$	4,191

**Three months ended March 31, 2024 compared to three months ended March 31, 2023** . Depreciation and amortization expenses increased \$0.4 million, or 9.4%, for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. We expect our depreciation and amortization expenses to continue to be affected by the amount of capitalized internally developed software costs and the timing of placing projects in service.

**Provision for Income Taxes**

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Provision for income taxes	\$ 7	\$ 6

For the three months ended March 31, 2024 and 2023, our provision for income taxes reflects state income tax expense.

## Liquidity and Capital Resources

At March 31, 2024, our principal sources of liquidity were cash, cash equivalents and restricted cash totaling \$133.7 million.

We have incurred cumulative losses of \$568.1 million from our operations through March 31, 2024, and expect to incur additional losses in the future. We generate cash inflows from operations primarily from selling services to dealers participating in our network of TrueCar Certified Dealers, and cash outflows to enable our business operations, develop new services and core technologies that further enhance our online automotive marketplace, and fund repurchases of our common stock based on our evaluation of market conditions and other factors. We believe that our existing sources of liquidity and cash expected to be generated from operations will be sufficient to fund our operations for at least the next 12 months. However, our future capital requirements will depend on many factors, including our revenue levels, the timing and extent of our spending to support our technology and development efforts, costs related to potential acquisitions to further expand our business and product offerings, collection of accounts receivable, macroeconomic activity, and the length and severity of business disruptions resulting from the inventory constraints caused by the global automobile semiconductor chip shortage. To the extent that existing cash, cash equivalents and restricted cash, and cash from operations, are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing. Additional funds may not be available on terms favorable to us or at all.

### Share Repurchase Program

In the third quarter of 2020, our board of directors authorized an open market stock repurchase program (the "Program") of up to \$75 million to allow for the repurchase of shares of our common stock through September 30, 2022. In the second quarter of 2021, our board of directors increased the authorization of the Program by an additional \$75 million, bringing the total authorization to \$150 million. In the third quarter of 2022, our board of directors extended the expiration of the Program until September 30, 2024. In the first quarter of 2024, the Program had a remaining authorization of \$45.8 million and our board of directors increased the authorization of the Program by approximately \$54.2 million, bringing the remaining authorization to \$100 million. At such time our board of directors also extended the expiration of the Program until December 31, 2026. The timing and amount of any repurchases is determined by us based on our evaluation of market conditions and other factors. Repurchases of our common stock may be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when we might otherwise be precluded from doing so under insider trading laws, open market purchases, privately-negotiated transactions, block purchases or otherwise in accordance with applicable federal securities laws. The Program may be suspended or discontinued at any time and does not obligate us to purchase any minimum number of shares. The Company had no share repurchases during the three months ended March 31, 2024. As of March 31, 2024, the Company had a remaining authorization of \$100.0 million for future share repurchases.

### Cash Flows

The following table summarizes net cash derived from operating, investing, and financing activities:

Consolidated Cash Flow Data:	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Net cash provided by (used in) operating activities	\$ 2,049	\$ (12,101)
Net cash used in investing activities	(2,560)	(3,855)
Net cash used in financing activities	(2,766)	(2,914)
Net decrease in cash, cash equivalents and restricted cash	\$ (3,277)	\$ (18,870)

### Operating Activities

Our net loss and cash flows provided by operating activities are significantly influenced by our investments in headcount and infrastructure to support our growth and marketing and advertising expenses. Our net loss has been significantly different than cash provided by operating activities due to the inclusion of non-cash expenses and charges.



Cash provided by operating activities for the three months ended March 31, 2024 was \$2.0 million. This was primarily due to our net loss of \$5.8 million, adjusted for non-cash items such as, depreciation and amortization expense of \$4.6 million, stock-based compensation expense of \$2.6 million, amortization of lease right-of-use assets of \$0.6 million, other non-cash expenses of \$0.4 million, and bad debt expense of \$0.2 million. Net cash provided by operations also reflected a decrease of \$0.6 million from changes in operating assets and liabilities, which primarily reflected a decrease in accrued employee expenses of \$3.5 million, a decrease in accrued expenses and other current liabilities of \$2.6 million, and a decrease in operating lease liabilities of \$0.9 million. These were offset by a decrease in accounts receivable of \$2.9 million, an increase in accounts payable of \$2.3 million, and a decrease in prepaid expenses and other assets of \$1.1 million.

Cash used in operating activities for the three months ended March 31, 2023 was \$12.1 million. This was primarily due to our net loss of \$19.6 million, adjusted for non-cash items such as, stock-based compensation expense of \$4.7 million, depreciation and amortization expense of \$4.2 million, amortization of lease right-of-use assets of \$0.9 million, and impairment of right-of-use asset of \$0.4 million. Net cash used in operations also reflected a decrease of \$3.6 million from changes in operating assets and liabilities, which primarily reflected a decrease in accrued employee expenses of \$2.7 million, a decrease in operating lease liabilities of \$1.2 million, a decrease in accrued expenses and other current liabilities of \$1.2 million, and an increase in accounts receivable of \$0.4 million. These were offset by a decrease in prepaid expenses and other assets of \$1.4 million and an increase in accounts payable of \$0.6 million.

#### ***Investing Activities***

Cash used in investing activities of \$2.6 million for the three months ended March 31, 2024 consists primarily of investments in software and computer hardware.

Cash used in investing activities of \$3.9 million for the three months ended March 31, 2023 consisted primarily of investments in software and computer hardware.

#### ***Financing Activities***

Cash used in financing activities of \$2.8 million for the three months ended March 31, 2024 represented a payment of \$1.6 million for the second tranche of contingent cash consideration associated with our acquisition of Digital Motors, and taxes paid of \$1.2 million for the net share settlement of certain equity awards.

Cash used in financing activities of \$2.9 million for the three months ended March 31, 2023 represented a payment of \$1.9 million for the first tranche of contingent cash consideration associated with our acquisition of Digital Motors, and taxes paid of \$1.1 million for the net share settlement of certain equity awards. These decreases were offset by proceeds received of \$0.1 million from the exercise of employee stock options.

#### ***Contractual Obligations and Known Future Cash Requirements***

Information related to the Company's contractual obligations, commercial commitments and expected cash requirements can be found in Note 4 and Note 10 in our Annual Report on Form 10-K, filed with the SEC on February 22, 2024. There have been no material changes in our contractual obligations and known future cash requirements since December 31, 2023.

#### ***Critical Accounting Estimates***

The preparation of financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America requires management to make judgements, assumptions and estimates that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Note 2 and Management's Discussion and Analysis of Financial Condition and Results of Operation in our Annual Report on Form 10-K describes the critical accounting policies and estimates used in the preparation of the condensed consolidated financial statements. Since December 31, 2023, there have been no material changes in our accounting policies that are impacted by judgements, assumptions and estimates.

#### ***Recent Accounting Pronouncements***

There are no new accounting pronouncements not yet adopted or effective that are expected to have a material impact on our condensed consolidated financial statements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Market risk represents the risk of loss that may affect our financial position due to adverse changes in financial market prices and rates. We do not believe that there is any material market risk exposure that would require disclosure under this item.

#### ***Interest Rate Risk***

We had cash, cash equivalents and restricted cash of \$133.7 million at March 31, 2024, which consist entirely of bank deposits and short-term money market funds. Such interest-earning instruments carry a degree of interest rate risk. A hypothetical 25 basis points decrease in interest rates earned on our cash, cash equivalents and restricted cash balance as of March 31, 2024 would result in a decrease in annual interest income of approximately \$0.3 million.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

We believe that we do not have a material exposure to changes in fair value as a result of changes in interest rates.

#### ***Inflation Risk***

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. However, if inflation leads to a significant decrease in consumer demand for vehicles, or if our costs were to become subject to significant inflationary pressures and we are not able to fully offset such higher costs through price increases, inflation could harm our business, operating results and financial condition.

#### ***Foreign Currency Exchange Risk***

Historically, as our operations and sales have been primarily in the United States, we have not faced any significant foreign currency risk. If we plan for international expansion, our risks associated with fluctuation in currency rates will become greater, and we will continue to reassess our approach to managing this risk.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2024, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

##### **Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

Refer to the disclosure under the heading "Legal Proceedings" in Note 5 "Commitments and Contingencies" to our condensed consolidated financial statements included in this report for legal proceedings. From time to time, we may be involved in various legal proceedings arising from the normal course of our business activities.

### Item 1A. Risk Factors

*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 I, Item 2, "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

***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, manufacturers, their suppliers and the market for automobiles in the United States. In 2020, the automotive industry experienced a decline in inventory supply disruptions caused by the coronavirus pandemic. Despite improvements in inventory levels beginning in the latter half of 2022 and continuing throughout 2023 and 2024, with inventory supply in the first quarter of 2024 at the highest levels since June 2020, industry-wide levels still have not reached pre-pandemic levels and certain manufacturers have experienced slower recoveries in inventory levels than others. We cannot guarantee that inventory supply will fully 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 during the coronavirus pandemic, 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 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 negative effects on our business, which may persist even as inventory shortages subside. These effects include, but are not limited to: a reduction in dealers' willingness to participate in our network 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; a reduction in automobile manufacturers' incentive spending and willingness to partner with us on incentives; 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 disrupt our search-engine optimization efforts. We cannot predict when, if ever, these automobile inventory-related issues will be fully resolved or the impacts of such issues on our business will subside. Unless such issues are resolved and our business is able to recover from the ensuing adverse effects, there will likely be continued adverse impacts on 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. We cannot predict the impacts of any future labor activity on inventory levels, consumer sentiment or the larger automotive ecosystem, and any such impacts may negatively affect our business and results.

In addition, our business may be negatively affected by challenges faced by the larger automotive ecosystem, including challenges arising from growth in car manufacturer subscription service offerings and other alternative business models, 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 both lower revenues from pay-per-sale billing arrangements, as well as a greater difficulty in justifying our value proposition to dealers, including dealers on subscription billing arrangements. 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 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 continue to 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 *"Our business is subject to risks related to the larger automotive ecosystem, including inventory and global supply chain challenges, labor and other issues."* 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 those offerings, integrating our current and future offerings into such experiences or appropriately monetizing 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.

While we envision providing an end-to-end consumer car-buying experience through our TrueCar+ offering that allows consumers to complete all steps of the car buying process, including: shopping for and selecting a car; applying for and receiving financing; exchanging a trade in vehicle; viewing all costs, taxes and fees associated with a new vehicle; and executing a retail installment contract for the vehicle, all from the TrueCar+ platform, there are a number of technical factors that may make this offering difficult or impossible to develop. For example, such an offering would likely only be effective if integrated into the software platforms already commonly used by dealers, a process which would require the third-party developers of such software platforms to cooperate with our own product development efforts, and such developers may view our offerings as competitive with their own or may not otherwise be incentivized to provide such cooperation. Further, providing consumers accurate and detailed pricing about a potential vehicle purchase requires developing sophisticated systems that properly account for factors such as rebates, financing terms and state and local taxes. Allowing for purchase documentation to be executed remotely or online also requires additional integration into existing dealer software and may be subject to differing legal requirements or restrictions depending on the jurisdiction. Creating an online car purchasing offering that is effective and attractive to both dealers and consumers requires overcoming these and other challenges. If we are unable to do so, the viability of our TrueCar+ product may be substantially impacted and our business, results of operations and prospects may suffer as a consequence. Further, we have previously stated that we expect to enable the first online purchase of a car through our TrueCar+ platform in the first half of 2024, but if we fall short of this projection, dealer and consumer confidence in our ability to deliver an end-to-end consumer experience through TrueCar+ may be negatively impacted and our business may be adversely affected. For more information about the risks associated with guidance related to our product development and other aspects of our business, see the risk factor entitled *"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 have also made recent changes to our products, including in anticipation of the rollout of TrueCar+, that may impact how such products are viewed by our dealers and consumers. For example, we historically offered our Trade solution to our dealers through a commercial partnership with Accu-Trade but this relationship ceased in May 2023. Although we have continued offering valuation data for our Trade and "Sell Your Car" products with the support of our affiliate, TCWS, instead of Accu-Trade, we cannot guarantee that consumers or dealers will consider our replacement product comparable to what we have historically provided through our partnership with Accu-Trade. If dealers believe that this change decreased 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 the same scale as the Accu-Trade product. If we are unable to do so, the TrueCar+ offering and our business and prospects will be adversely affected. The business model of TCWS 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 aspects of TCWS' business model involve TCWS acquiring used cars from consumers and holding such cars in inventory. 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.

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, 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 a pilot an earlier version of our TrueCar+ offering which resulted in some dealers choosing to end their access to the offering and could result in decreased rates of participation in future versions of the offering. If we are 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. Our TrueCar+ offering requires a technological infrastructure that integrates the software and processes used by dealers, lenders and 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, in certain cases, will necessitate cooperation from current and potential commercial partners. Certain other third parties whose cooperation would otherwise be beneficial to the establishment and widespread adoption of TrueCar+, including dealers and manufacturers, may perceive our efforts to establish an end-to-end consumer car-buying experience as competitive with existing business models and may wish to hinder the development or adoption of TrueCar+. We cannot guarantee that we or any of our commercial counterparts will be successful in developing the technologies necessary to establishing an end-to-end car buying experience, 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 be adversely affected. In addition, in 2024, we announced TrueCar Marketing Solutions, a suite of products designed to improve the efficiency of our dealer customers' marketing efforts, but we cannot guarantee that our dealers will find the value proposition of these products to be compelling. Further, the resources dedicated to developing these offerings may detract from resources that would be otherwise dedicated to other product offerings.

***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.

***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, 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 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. As we expect the number of TrueCar Certified



Dealers on subscription billing arrangements to continue to increase 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 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. Beginning in early 2020, we experienced the loss of a significant number of both franchise and independent car dealers in our network, including as a result of the coronavirus pandemic, inventory shortages and the termination of our affinity partnership with USAA. Although the number of franchise dealers in our network increased in 2023, we continued to lose franchise dealers due to certain independent dealers being acquired in industry consolidations or going out of business as higher interest rates on dealer floor plans have put pressure on dealers along with price volatility. As a result, 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. 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.

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 platform's consumer-facing functionality, any of which would 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 platform 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."*

Starting in 2023, we began to observe decreases in the number of independent dealers on our platform, primarily due to independent dealers being acquired in recent industry consolidations or going out of business. Manufacturers that own multiple automotive brands may also incentivize franchise dealers to move away from certain brands in order to prioritize others, such as Jaguar Land Rover's announcement in 2023 that it would incentivize franchise dealers to close Jaguar dealerships in order to focus on Land Rover dealerships. While we do not believe that we have to date lost a critical mass of dealers in any particular geographic area, 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, 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 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 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.***

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 13.8 million in 2022 before increasing to 15.5 million in 2023 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. Interest rate increases by the U.S. Federal Reserve, such as those implemented in 2022 and 2023 as well as any additional increases that could occur in 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 "*Our business is subject to risks related to the larger automotive ecosystem, including inventory and global supply chain challenges, labor and other issues,*" or other factors may also increase the amount of time that consumers 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 may negatively affect consumer behavior and purchasing power, reducing the number of cars purchased by consumers during periods of heightened inflation. During the twelve months ended June 30, 2022, consumer prices increased 9.1% according to the Department of Labor. While increases in the rate of inflation have slowed since summer 2022, rates of inflation have remained consistently elevated compared to the years leading up to the coronavirus pandemic, and 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 the second and third quarters of 2020, 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 harmed. Further, many dealers were able to increase profits as a result of certain conditions caused by the pandemic, such as low inventory levels and marketing costs, and if dealers continue this operational approach, our business could be adversely affected. Additionally, the resumption of student loan payments, which were temporarily paused with respect to most publicly-

held student loans during the coronavirus pandemic, may have a negative impact on consumer spending, which could adversely affect demand for automobiles and our business.

***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.***

For the three months ended March 31, 2024, we derived approximately 11.9% of our revenue from our arrangements with car manufacturers to promote the sale of their vehicles through additional consumer incentives (for the year ended December 31, 2023, the corresponding figure was approximately 9.4%), and, while more volatile than other of our revenue sources, we believe that this revenue stream represents a potential continued growth opportunity for our business following the recent increase in manufacturer incentive spending as automobile inventory shortages subside. As a result of low vehicle inventories in 2021 and 2022, manufacturers reduced incentive spending. Certain manufacturers who participated in our programs in the past suspended their participation due to the low inventory levels during this time, and we cannot guarantee that all such manufacturers will return to our program even as inventory issues subside. Attracting manufacturers to our program also requires us to present a compelling value proposition in order for such manufacturers to rationalize allocating marketing spend to our platform compared to other channels. Failure to attract additional manufacturers to participate in these programs could reduce our growth and harm our operating results. 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.

***A significant reduction in the number of cars purchased from our TrueCar Certified Dealers by members of our affinity group marketing partners, such as the decrease in our unit volume following our termination of our partnership with USAA in 2020, 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 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. Prior to the termination of that relationship, USAA accounted for a substantial share of our units and revenues, 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, 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, including by increasing our unit volume through other sources, our business, revenues, results of operations and cash flows will continue to be materially negatively affected.

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, 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. 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.

***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.***

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 March 31, 2024, our franchise dealer count was 8,205.

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 a negative light, in particular the products and services associated with TrueCar+ which we are currently rolling out to dealers, 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 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 auto broker. 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. As discussed in greater detail in the risk factor entitled *"A significant reduction in the number of cars purchased from our TrueCar Certified Dealers by members of our affinity group marketing partners, such as the decrease in our unit volume following our termination of our partnership with USAA in 2020, 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 experienced significant changes in our management team in 2023. In February 2023, we appointed a new chief financial officer, transitioned our prior chief financial officer to the role of 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 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 announced the replacement of both our chief financial officer and head of sales and the creation of a new position, chief revenue officer. 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 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 turnover and open positions, our management team 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 faced significant competition in hiring and retaining them during competitive labor markets. Moreover, we have conducted reductions in force and may undergo further reductions 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. Reductions in our workforce could adversely affect employee morale, retention, 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. 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 plan under which we grant our employees stock-based compensation as well as the number of shares issuable thereunder 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 manufacturer 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. 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 have also established “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, 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 also 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. As discussed elsewhere in this "Risk Factors" section, our current focus on TrueCar+ has required time and resources that could have been allocated to other aspects of our business.

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. 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 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 “*Our business is subject to risks related to the larger automotive ecosystem, including inventory and global supply chain challenges, labor and other issues,*” 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 and for otherwise tracking our units and collecting other relevant business information.

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 those offerings, integrating our current and future offerings into such experiences or appropriately monetizing them, our business and prospects 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 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.***

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, as Google and other search engine operators have done from time to time, 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 such as Alexa, Google Assistant 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 digital and online media, sponsorship programs, television marketing campaigns 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 on sales and marketing during the years ended 2023 and 2022, 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 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 *"Our business is subject to risks related to the larger automotive ecosystem, including inventory and global supply chain challenges, labor and other issues."*

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 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, Autotrader.com, eBay Motors, AutoWeb.com (formerly Autobytel.com), KBB.com, CarSaver.com, CarGurus.com and Cars.com;
- sites operated by OEMs such as General Motors and Ford;
- online automobile retailers such as Carvana, CarMax (and its subsidiary Edmunds) and DriveTime;
- 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 regulations applicable to dealers 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, 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 those offerings, integrating our current and future offerings into such experiences or appropriately monetizing them, our business and prospects would be adversely affected,*" we now provide certain services to our dealers and users with the support of our affiliate, TCWS, instead of Accu-Trade. This has resulted in TCWS 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: 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.
- 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.

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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 financing 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. In connection with certain of the products provided by these commercial partners, our platform collects and transmits certain information related to consumer credit 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 in a manner that would require us or our partners to implement additional measures to comply with these laws and regulations, we may be 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 are not in compliance with those law or regulations, if any of our current or prospective affinity or other partners is uncertain about the applicability of 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 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. The implementation of the rule, referred to as the Combating Auto Retail Scams Trade Regulation Rule, or CARS Rule, has been postponed indefinitely pending resolution of a legal challenge. However, 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."*

#### *Other*

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 this "Risk 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 2024, the SEC approved rules requiring increased climate change-related disclosure in certain public company SEC filings and, in October 2023, California's governor signed two bills into law that would require companies operating in California to provide certain detailed climate-related disclosures as early as 2026. The SEC rules have been stayed pending resolution of multiple lawsuits, and the California rules are also facing legal scrutiny. However, if one or more of the SEC and California climate disclosure rules survive their legal challenges, we may face increased reporting obligations that divert management attention or require us to spend significant resources.

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.

***We face litigation and are party to legal proceedings that could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We are subject to a variety of claims and lawsuits. These claims may arise from a wide variety of business practices and initiatives, including product innovations, the content and 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 other business relationships, such as those with our users, participating dealers, affinity partners, OEM partners, licensors, licensees, landlords, tenants and employees. 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 lawsuit against us could result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. Examples of litigation to which we are, and have 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 award of unspecified damages and other relief based on allegations that the defendants made false or misleading statements about our business, operations, prospects and performance during a purported class period of February 16, 2017 through November 6, 2017 in violation of applicable securities laws in connection with our secondary offering of common stock that occurred during the class period. On May 26, 2020, the case was dismissed pursuant to a settlement. As a result, the Milbeck Federal Securities Litigation is resolved, and we do not anticipate a loss related to this matter, because the settlement was covered by our directors' and officers' liability insurance. However, if similar litigation is filed against us, we may incur significant legal fees, settlements or damages awards. If any such matter is not ultimately resolved in our favor, losses arising from the results of litigation or settlements, as well as ongoing defense costs or adverse changes in our dealer network, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Derivative Litigation

In August 2019, three purported stockholder derivative actions were filed in Delaware alleging a variety of claims nominally on our behalf arising out of alleged breaches of fiduciary duty under Delaware law based upon substantially the same factual allegations as the Milbeck Federal Securities Litigation. The complaints named us, certain of our then-current and former directors and officers, USAA and, in one of the actions, certain of entities affiliated with USAA as defendants. On October 7, 2019, the Delaware Court of Chancery consolidated the cases into a single action, which we refer to as the Delaware Consolidated Derivative Litigation. On September 30, 2020, the court dismissed the Delaware Consolidated Derivative Litigation with prejudice for failure to make a pre-suit demand and failure to state a claim and the plaintiffs did not appeal the ruling. As a result, the Delaware Consolidated Derivative Litigation has been resolved.

Following the court's decision, the plaintiffs sent a letter to us demanding that we pursue claims against certain current and former officers for various alleged breaches of their fiduciary duties, based substantially on the same factual allegations as the Milbeck Federal Securities Litigation. On November 18, 2020, our board of directors established a special committee of the board, which we refer to as the Special Committee, to investigate the claims in the Delaware Consolidated Derivative Litigation, the Lee Derivative Litigation (described below) and other related stockholder demands. In October 2021, following the aforementioned investigation, our board of directors adopted the Special Committee's recommendation that our board refuse the demands in their entirety and conclude that no further action is necessary.

Further, in December 2019, Sulgi Lee, a purported stockholder, filed a derivative action in the Delaware Court of Chancery alleging a variety of claims nominally on our behalf arising out of alleged breaches of fiduciary duty under Delaware law based upon substantially the same factual allegations as the Milbeck Federal Securities Litigation, which we refer to as the Lee Derivative Litigation and, together with the Delaware Consolidated Derivative Litigation, the Derivative Litigation. The complaint named us, certain of our then-current and former directors and officers and USAA as defendants. The plaintiff sought an award of damages against the defendants on our behalf and various alleged corporate governance reforms. Following the board's action on the Special Committee's recommendation, which is described above, the plaintiff dismissed her claims on June 22, 2022. As a result, the Lee Derivative Litigation is resolved, and we do not anticipate a loss related to this matter. However, if similar litigation is filed against us, we may incur significant legal fees, settlements or damages awards. If any such matter is not ultimately resolved in our favor, losses arising from the results of litigation or settlements, as well as ongoing

defense costs or adverse changes in our dealer network, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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In the past, following periods of volatility in the overall market and the market prices of a particular company's securities, securities class action lawsuits have often been instituted against affected companies, and as noted above, this type of lawsuit has been instituted against us in the form of the Milbeck Federal Securities Litigation and the Derivative Litigation, among others. Additional lawsuits of this type or similar types, if instituted against us or one or more of our officers or directors, whether arising from alleged facts the same as, similar to or different from those alleged in the Milbeck Federal Securities Litigation or the Derivative Litigation, could result in significant legal fees, settlements or damage awards, as well as the diversion of our management's attention and resources, and thus could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Further, in April 2023 we initiated a lawsuit in Los Angeles Superior Court against the landlord of our former principal executive offices in Santa Monica. The lawsuit, which we filed in connection with providing the landlord with a termination notice with respect to the lease agreement pursuant to which we leased such offices, sought declaratory judgment that our termination was justified under applicable California law, along with certain other relief. If this matter is not ultimately resolved in our favor, losses arising from the results of litigation or settlements, as well as ongoing costs of litigation, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have incurred significant legal fees in our defense of certain of the matters referred to above and we may incur additional fees and other liabilities in connection with those matters that are still pending and any additional lawsuits that may be filed against us or one or more of our 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 by those policies, we may be unable to fully collect the insurance proceeds in a timely manner or at all. As a result, these fees and other liabilities could have a material adverse effect on our financial condition, results of operations and cash flows.

***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.***

In pursuing our business strategy, we routinely discuss and evaluate potential acquisitions, divestitures, investments and other similar transactions. For example, we may seek to expand or complement our existing products and services through the acquisition of or investment in attractive businesses and technologies rather than through internal development, such as our acquisitions of DealerScience in 2018 and Digital Motors in 2022, our investment in Accu-Trade in 2019 and divestment thereof in 2022 and our divestiture of our ALG, Inc. subsidiary, or, ALG, in 2020.

Transactions such as these require significant management time and resources and have the potential to divert our attention from our ongoing business, and we may not manage them successfully. We may be required to make substantial investments of resources to support any such transaction, and we cannot assure you that they will be successful. Additionally, strategic investments in and partnerships with other businesses expose 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 acquired business, or separation of employees from a divested business;
- cultural and other challenges associated with integrating employees from an acquired business into our 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 on our 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 than the risks our business faces;
- the risks associated with obtaining necessary regulatory approval for a transaction;
- liability for the activities, products or services of the business, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- risk related to the payment of contingent consideration; and
- litigation or other claims in connection with the business, product or technology in question, including claims from terminated employees, consumers, former stockholders or other third parties.

Our failure to address these risks or other problems encountered in connection with our past or future transactions could cause us to fail to realize the anticipated benefits of those transactions, cause us to incur unanticipated liabilities and harm our 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 the anticipated benefits of any transaction may not materialize.

For example, the total consideration of \$135 million payable in connection with the divestiture of ALG in 2020, included up to a maximum of \$22.5 million in contingent consideration, comprising one payment of up to \$7.5 million payable based on ALG's achievement of certain revenue metrics in 2020 and another payment of up to \$15 million payable based on its achievement of certain other revenue metrics in 2022. The first tranche of \$7.5 million in contingent consideration was paid in the first quarter of 2021, but on April 17, 2023, ALG provided us with notice that it failed to achieve the 2022 revenue metrics required for us to be entitled to any of the \$15 million contingent consideration. Although we disputed the basis of this notice pursuant to the dispute resolution process provided for in the ALG purchase agreement, we were ultimately rewarded less than 1% of the \$15 million contingent consideration. If we enter into future transactions in which any amount of consideration is payable contingent upon factors beyond our control, we will be unable to guarantee that such payments will be received.

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 realize value commensurate with our investment through integrating 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. For example, in June 2023, in order to preserve flexibility in how we employed the assets obtained in the Digital Motors acquisition, we entered into an agreement with the former shareholders of Digital Motors to waive certain product development and revenue milestones that the Digital Motors business would have otherwise been required to achieve to be entitled to certain contingent consideration under our acquisition agreement.

***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.***

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 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. For example, in early 2024, we began utilizing an artificial intelligence tool provided by a third-party vendor designed to assist our employees search large amounts of our internal data in order to answer questions about such data. While this vendor has provided us with certain assurances related to its security practices and related contractual protections, we cannot guarantee that the security practices of this vendor or any other third-party with access to our data are sufficient to protect our data or that we would be able to recover from any such third-party if our data was improperly managed or accessed and we experienced a related loss. 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.

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 these new requirements we could incur regulatory fines in addition to other adverse consequences to our reputation, business, financial condition and results of operations.

***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. 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. In April 2024, the FCC voted to reinstate the Federal Net Neutrality Regulations, but some commentators predict that the reinstated Federal Net Neutrality Regulations will be stuck down by the Supreme Court or overturned by Congress. This area of the law remains uncertain, 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.

***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 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 and other risks described in this "Risk Factors" section, our revenue in the 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;
- 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 \$568.1 million at March 31, 2024. During the three months ended March 31, 2024, we had a net loss of \$5.8 million. 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 in more recent years 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. However, we expect that our future 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 March 31, 2024, we had intangible assets of \$6.8 million. Prior to the interim quantitative impairment test conducted as of September 30, 2022, discussed below, we had goodwill of \$59.8 million. Under GAAP, 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.

***Our cash and cash equivalents 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 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 March 31, 2024, approximately 6.1% 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 guarantee that additional financial institutions, 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. In instances of future bank failures, we may be unable to access or may lose some or all of our cash and cash equivalents, which could materially and adversely affect our business.

***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 have 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 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 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.

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 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. At times we may also provide nonfinancial guidance related to other aspects of our business such as the anticipated timing of certain product development milestones. If our publicly-announced guidance of future operating results fails to meet the expectations of securities analysts, investors or other interested parties, or if our actual results fail to meet our publicly-announced guidance or the expectations of such parties, the price of our common stock could decline. Given the volatility of our business recently during the coronavirus pandemic, the recent automobile inventory shortages 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 three months ended March 31, 2024, the trading price of our common stock fluctuated from a low of \$2.96 per share to a high of \$4.05 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.

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 March 31, 2024, 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 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 March 31, 2024, approximately 91.6 million shares of our common stock were outstanding. In addition, as of March 31, 2024, there were 1.9 million shares underlying options, 7.6 million shares underlying restricted stock units and 3.3 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 of 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 3.2 million shares (including vested options) as of March 31, 2024 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. 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 have made no repurchases of shares under our share repurchase program since the fourth quarter of 2022. Further, in August 2022, Congress enacted a 1% excise tax on certain corporate stock repurchases as part of the Inflation Reduction Act of 2022, which went 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. 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.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

### *(a) Sales of Unregistered Securities*

None.

### *(b) Purchases of Equity Securities by the Issuer and Affiliated Purchasers*

On August 6, 2020, the Company issued a press release announcing that its Board of Directors (the "Board") had authorized a share repurchase program of up to \$75 million to allow for the repurchase of the Company's common stock, with such authorization effective until September 30, 2022. In May 2021, the Board increased the authorization of the share repurchase program by an additional \$75 million, bringing the total authorization to \$150 million. In July 2022, the Board extended the expiration of the repurchase program to September 30, 2024 without increasing the total dollar amount authorized for repurchases. In February 2024, the Board increased the authorization of the Program by an additional \$54.2 million, bringing the remaining authorization to \$100 million, and extended the expiration of the Program until December 31, 2026. The Company's share repurchase program does not obligate the Company to repurchase any dollar amount of its shares.

The Company had no share repurchases during the three months ended March 31, 2024.

**Item 5. Other Information**

During the three months ended March 31, 2024, no director or officer of the Company who is required to file reports under Section 16 of the Exchange Act adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## Item 6. Exhibits

The documents listed below are incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference from Exhibit Number	Date Filed
<a href="#">3.1</a>	<a href="#">Amended and Restated Certificate of Incorporation of the Registrant.</a>	<a href="#">10-Q</a>	3.1	August 7, 2020
<a href="#">3.2</a>	<a href="#">Amended and Restated Bylaws of the Registrant.</a>	<a href="#">S-1/A File No. 333-195036</a>	3.4	May 5, 2014
<a href="#">10.1#</a>	<a href="#">Form of Performance-Based Restricted Stock Unit Award Agreement</a>	<a href="#">Filed herewith</a>		
<a href="#">31.1</a>	<a href="#">Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.</a>	<a href="#">Filed herewith</a>		
<a href="#">31.2</a>	<a href="#">Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.</a>	<a href="#">Filed herewith</a>		
<a href="#">32.1</a> (1)	<a href="#">Certification of the Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.</a>	<a href="#">Furnished herewith</a>		
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			
101.SCH	Inline XBRL Taxonomy Extension Schema Document	<a href="#">Filed herewith</a>		
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	<a href="#">Filed herewith</a>		
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	<a href="#">Filed herewith</a>		
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	<a href="#">Filed herewith</a>		
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	<a href="#">Filed herewith</a>		
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibit 101)	<a href="#">Filed herewith</a>		

# Indicates a compensatory plan.

- (1) This certification is deemed not filed for purpose of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### TRUECAR, INC.

Date: May 3, 2024

By: /s/ Jantoon E. Reigersman

Jantoon E. Reigersman  
*President & Chief Executive Officer*  
*(Principal Executive Officer)*

Date: May 3, 2024

By: /s/ Oliver M. Foley

Oliver M. Foley  
*Chief Financial Officer*  
*(Principal Financial Officer)*

TRUECAR, INC.  
2023 EQUITY INCENTIVE PLAN  
PERFORMANCE UNIT AWARD AGREEMENT

**NOTICE OF GRANT OF PERFORMANCE-BASED RESTRICTED STOCK UNITS ("PERFORMANCE UNITS")**

Unless otherwise defined herein, the terms defined in the TrueCar, Inc. 2023 Equity Incentive Plan (the "**Plan**") shall have the same defined meanings in this Performance Unit Award Agreement, including the Notice of Grant of Performance-Based Restricted Stock Units (the "**Notice of Grant**"), the Terms and Conditions of Performance Unit Grant (the "**Terms and Conditions**"), and any appendices and exhibits attached thereto (all together, the "**Award Agreement**").

**Name ("Participant"):**

**Address:**

The undersigned Participant has been granted an Award of Performance-Based Restricted Stock Units, which are referred to as "Performance Units" in this Award Agreement.

Date of Grant: [March [--], 2024]

Target Number of Performance Units: —

Maximum Number of Performance Units: \_\_\_\_\_

**Vesting Schedule:** The number of Performance Units subject to the Award that may vest will be determined as specified in the Performance Unit Award Determination, Vesting and Issuance Criteria attached as Attachment I to this Notice of Grant (the "**Vesting and Issuance Criteria**"). The Target Number of Performance Units represent the number of Performance Units that would vest if the Participant satisfies the service vesting conditions set forth in the Vesting and Issuance Criteria and the Company achieves exactly 100% of the Company's target performance goal specified in the Vesting and Issuance Criteria. In no event will more than the Maximum Number of Performance Units vest. *[add for each Participant with an Employment Agreement: Except as provided in Section 10 of the Vesting and Issuance Criteria, t][T]he terms of this Award Agreement supersede any employment agreement [add for each Participant with an Employment Agreement: , including but not limited to the Employment Agreement dated [DATE] by and between Participant and the Company, and any amendments thereto or restatements thereof (together, the "**Employment Agreement**").]* or other individual agreement between Participant and the Company and any generally applicable severance or change-in-control plan, policy, or practice, whether written or unwritten, of the Company to the extent that such agreement, plan, policy or practice provides for vesting acceleration of equity awards, such that the terms of the Award Agreement constitutes the entire agreement between the Company and Participant with respect to the Award. Except to the extent otherwise specified in the Vesting and Issuance Criteria, in the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the Performance Units, the Performance Units and Participant's right to acquire any Shares hereunder will immediately terminate.

Participant acknowledges receipt of a copy of the Plan and represents that Participant is familiar with the terms and provisions thereof, and hereby accepts this Award Agreement subject to all of the terms and provisions thereof, except as explicitly set forth in this Award Agreement. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and this Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated above.

**PARTICIPANT**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**TRUECAR, INC.**

\_\_\_\_\_  
By

\_\_\_\_\_  
[Name]  
Print Name

\_\_\_\_\_  
[Title]  
Title

## Attachment I

### Performance Unit Award Determination, Vesting and Issuance Criteria

The number of Performance Units that may vest will be determined in accordance with the following criteria. Certain capitalized terms used herein have the meanings set forth in Section 11 of this Attachment I (the “**Vesting and Issuance Criteria**”) or assigned to them throughout this Vesting and Issuance Criteria.

#### 1. **Company Performance Criteria and Performance Period:**

The number of Performance Units that may vest will be determined by reference to the Company’s relative total shareholder return defined as its compound annual growth rate (as more specifically detailed below) over a three-year performance period from March 15, 2024 through March 14, 2027 (the “**Performance Period**” and the last day of the Performance Period, the “**Performance & Service Period End Date**”) as measured versus the compound annual growth rate (as more specifically detailed below) performance of the Russell 2000 Total Return Index (RUTTR) (the “**Index**” and the companies that comprise the Index collectively, the “**Index Companies**” and each an “**Index Company**”) for the Performance Period.

#### 2. **Company Performance and Eligible Vesting Levels:**

If the Company’s CAGR (as defined below) is equal to 100% of the CAGR of the Index, 100% of the Target Number of Performance Units are eligible to vest. Subject to the Payout Cap (as defined below), for each percentage that the Company’s CAGR exceeds the CAGR of the Index, an additional 4% of the Target Number of Performance Units are eligible to vest. For every percentage that the Company’s CAGR is below the CAGR of the Index, 4% of the Target Number of Performance Units are not eligible to vest. The maximum number of Performance Units that may vest is 175% of the Target Number of Performance Units set forth in the Notice of Grant. Accordingly, the number of Performance Units that may vest will be determined as indicated in the chart below:

	Performance	Payout
Below Target	For every percentage that the Company’s CAGR is below the CAGR of the Index	Percentage payout of the Target Number of Performance Units (starting at 100%) reduced by 4%
Target	Company’s CAGR is equal to 100% of the CAGR of the Index	100% of the Target Number of Performance Units
Above Target	For every percentage that the Company’s CAGR is above the CAGR of the Index	Subject to the Payout Cap, percentage payout of the Target Number of Performance Units (starting at 100%) increased by 4% (not to exceed the Maximum Number of Performance Units)

By way of example only, if the Company’s CAGR is 15% and the CAGR of the Index is 5% (that is, the Company’s CAGR exceeds the CAGR of the Index by 10 percentage points (and the Company’s CAGR is not a negative number)), 140% of the Target Number of Performance Units will be eligible to vest.



Notwithstanding the foregoing, if the Company's CAGR is a negative number, then no more than 100% of the Target Number of Performance Units will be eligible to vest (the "**Payout Cap**").

**3. CAGR Calculation Criteria:**

"**CAGR**" as applied to the Company and the Index means the compound annual growth in stock price from the beginning to the end of the Performance Period (or, in the event of a Change in Control Transaction that occurs before the Performance & Service Period End Date, during the CIC Performance Period) calculated as provided below, plus dividends and distributions made or declared (assuming such dividends or distributions are reinvested in the common stock of the Company or applicable Index Company) during the Performance Period (or, in the event of a Change in Control Transaction that occurs before the Performance & Service Period End Date, during the CIC Performance Period), expressed as a percentage return and rounded to the nearest whole percentage. For purposes of computing CAGR, the stock price at the beginning of the Performance Period will be deemed to be equal to the average trading price during the 20 consecutive trading day period ending on and inclusive of March 15, 2024, and the stock price at the end of the Performance Period will be deemed to be equal to the average trading price during the 20 consecutive trading day period ending on and inclusive of the Performance & Service Period End Date, adjusted for stock splits or similar changes in capital structure.

**4. Service Requirement.** Except as specifically provided in Sections 7 and 8 below, the Participant must remain a Service Provider through the Performance & Service Period End Date in order for any Performance Units to vest.

**5. Award Determination.** As soon as practicable upon the Performance & Service Period End Date or within the 90-day period thereafter, the Committee will determine the applicable number of Performance Units that will vest based on the Company's CAGR as measured versus the CAGR of the Index as described in Section 2 of this Attachment I, and such determinations will be final and binding on the Participant. The date of the Committee's determination is the "**Determination Date**." In all instances, if a Change in Control Transaction occurs on or following the Performance & Service Period End Date, the Determination Date must occur prior to such Change in Control Transaction. Any Performance Units that are not determined to vest on the Determination Date will immediately terminate and be forfeited on the Determination Date.

**6. Share Issuance.** Except as specifically provided below, Shares will be issued in respect of the number of Performance Units determined to have vested on the Determination Date as soon as practicable within the 30-day period following the Determination Date, and in all cases during the 2027 calendar year. Upon any separation from service upon which Participant does not, pursuant to the terms hereof, remain eligible to vest in some or all of the Performance Units, those Performance Units in which Participant is no longer eligible to vest will immediately terminate and be forfeited.

**7. Effect of Qualifying Termination and Retirement; Death or Disability; Change in Change in Control Transaction; Termination on or after Performance & Service Period End Date.**

(a) **Pro-Rata Vesting Upon Qualifying Termination or Retirement Preceding Performance & Service Period End Date.** Subject to Section 7(b) below, in the event of a Qualifying Termination or Retirement of the Participant, in each case, prior to the Performance & Service Period End Date and subject to the Release Requirement, the number of Performance Units that will be eligible to vest on the Determination Date will be a pro-rata portion of the number of Performance Units that would have vested had the Participant remained a Service Provider through the Performance & Service Period

End Date. Such pro-rata portion will be determined by taking the number of Performance Units, if any, that would have vested based on the actual performance achieved for the Performance Period had the Participant remained a Service Provider through the Performance & Service Period End Date (the "**Default Number of Units**") and multiplying it by the percentage determined by taking the number of days the Participant was a Service Provider from and including the first day of the Performance Period through and including the date of such Qualifying Termination or Retirement, as applicable, and dividing such number by the total number of days in the Performance Period. The resulting number of pro-rata Performance Units, if any, will be rounded down to the nearest whole number of Performance Units. If Participant returns to Service Provider status after such Qualifying Termination or Retirement, Participant will not be credited for any days of service following the original Qualifying Termination or Retirement, as applicable, for purposes of calculating the pro-rata hereunder. Subject to Section 7(b) below, Shares will be issued in respect of the pro-rata number of the Performance Units that vest on the Determination Date, if any, during the 30-day period following the Determination Date, and in all cases during the 2027 calendar year. Any Performance Units that do not vest on the Determination Date will immediately terminate and be forfeited on the Determination Date.

**(b) Impact of Qualifying Termination or Retirement Followed By Change in Control Transaction.**

Notwithstanding anything in the Plan to the contrary, the first two paragraphs of Section 14(c) of the Plan will not apply to this Award. In the event a Qualifying Termination or Retirement is followed by a Change in Control Transaction that precedes the Performance & Service Period End Date, then, subject to the Release Requirement, the number of Performance Units that will vest upon the Change in Control Transaction will be determined on a pro-rata basis as calculated in Section 7(a) above, except that the Change in Control Transaction Determined Units (as defined in Section 8(a)) will be substituted for the Default Number of Units. Any Performance Units that do not vest in connection with the Change in Control Transaction will immediately terminate and be forfeited. Shares will be issued in respect of the pro-rata number of the Performance Units that vest upon the Change in Control Transaction in accordance with this Section 7(b), if any, upon the Change in Control Transaction or during the 60-day period following the Change in Control Transaction; provided, however, that in the event the acquiring, surviving or continuing entity will not assume, continue or substitute the Award in the Change in Control Transaction, the applicable Shares will be issued immediately prior to the Change in Control Transaction. In no event will Participant have the ability to determine the calendar year of any such issuance.

**(c) Impact of Death or Disability.** Upon the Participant's termination as a Service Provider due to Participant's death or Disability that occurs prior to the Performance & Service Period End Date and prior to any Change in Control Transaction, the Award shall immediately vest with respect to the Target Number of Performance Units upon the Participant's termination as a Service Provider due to death or Disability, and any Performance Units that do not vest upon such termination due to death or Disability will immediately terminate and be forfeited on such date. Shares will be issued in settlement of the number of Performance Units that vest pursuant to the prior sentence within 60 days following the date of the Participant's death or Disability, as applicable. In no event will Participant (or the Participant's estate or beneficiaries) have the ability to determine the calendar year of any such issuance.

**(d) Terminations Following the Performance & Service Period End Date.** Upon the Participant's termination as a Service Provider for any reason that occurs on or after the Performance & Service Period End Date (with no Change in Control Transaction occurring before the Performance & Service Period End Date) but before the Determination Date, the number of Performance Units that vest will be determined as provided in Section 5 and such Shares, if any, will vest on the Determination Date

and will be issued to the Participant within the 30-day period following such Determination Date as provided in Section 6.

**8. Impact of Change in Control Transaction Preceding the Performance & Service Period End Date** Notwithstanding anything in the Plan to the contrary, the first two paragraphs of Section 14(c) of the Plan will not apply to this Award.

**(a) Measurement of Performance.** In the event of a Change in Control Transaction that occurs before the Performance & Service Period End Date, the number of Performance Units that may potentially vest will be determined immediately prior to the Change in Control Transaction based upon the Company's CAGR for the portion of the Performance Period that precedes and includes the effective date of the Change in Control Transaction (the "**CIC Performance Period**" and the Company's CAGR performance as measured versus the Index CAGR performance for the CIC Performance Period (collectively, the "**CIC Achievement Level**"). For purposes of such determination, the Company's ending stock price will be the sale price of the Shares in the Change in Control Transaction, and the ending stock price of the Index will be the average price of the Index over the 20 consecutive trading days ending on and inclusive of the effective date of the Change in Control Transaction, adjusted for stock splits or similar changes in capital structure. For avoidance of doubt, this provision is intended to result in determination of a number of Performance Units that may potentially vest that will correspond to the CIC Achievement Level, without Committee determination (such CIC Achievement Level determined number of Performance Units are the "**Change in Control Transaction Determined Units**"). Any Performance Units that do not vest or become eligible to vest based upon the CIC Achievement Level will immediately terminate and be forfeited upon the Change in Control Transaction.

**(b) Post-Change in Control Transaction Continued Service Condition.** In the event of a Change in Control Transaction that precedes the Performance & Service Period End Date where the acquiring, surviving or continuing entity assumes, continues or substitutes the Award on substantially the same terms and conditions as in effect prior to the Change in Control Transaction, with respect to any Participant who has not terminated in a Qualifying Termination prior to the Change in Control Transaction, the Participant must remain a Service Provider through the Performance & Service Period End Date in order for the Change in Control Transaction Determined Units to vest (the "**Change in Control Transaction Continued Service Requirement**"), and the Change in Control Transaction Determined Units (less any Performance Units that have previously vested upon Participant's becoming Retirement Eligible in accordance with Section 8(d)) shall vest upon, and Shares will be issued in settlement of such Change in Control Transaction Determined Units within 60 days following, the Performance & Service Period End Date. For the avoidance of doubt, in connection with any such assumption, continuation or substitution, the Change in Control Transaction Determined Units are automatically converted into a time-based vesting award and the Company CAGR performance goals shall no longer apply.

**(c) Qualifying Termination Following a Change in Control Transaction.** Notwithstanding the foregoing, if there is a Change in Control Transaction that precedes the Performance & Service Period End Date, then, subject to the Release Requirement, in the event of Participant's Qualifying Termination upon or following the Change in Control Transaction and prior to the Performance & Service Period End Date, the Change in Control Transaction Continued Service Requirement will be waived and the Change in Control Transaction Determined Units (less any Performance Units that previously have vested upon Participant's becoming Retirement Eligible in accordance with Section 8(d)) will immediately vest on the date of such termination. Except as provided under Section 8(f), Shares will be issued in settlement of the Change in Control Transaction Determined

Units, if any, within 60 days following the date of the Participant's Qualifying Termination. In no event will Participant (or the Participant's estate or beneficiaries) have the ability to determine the calendar year of any such issuance. Any Performance Units that do not vest in connection with such Qualifying Termination will immediately terminate and be forfeited.

**(d) Retirement Eligibility Following a Change in Control Transaction.** Further, subject to Section 8(f) below, if there is a Change in Control Transaction that precedes the Performance & Service Period End Date, Participant is a Service Provider as of the date of the Change in Control Transaction, and (x) is Retirement Eligible as of the date of the Change in Control Transaction, or (y) first becomes Retirement Eligible following the Change in Control Transaction but prior to the Performance & Service Period End Date, the Change in Control Transaction Continued Service Requirement will be partially waived such that the "Retirement Eligibility Units" (as defined below) shall vest on, and shares will be issued in settlement thereof, within 60 days following, (i) if Participant is Retirement Eligible at the time of the Change in Control Transaction, the date of the Change in Control Transaction, or (ii) if Participant first becomes Retirement Eligible following the date of the Change in Control Transaction, the date on which Participant first becomes Retirement Eligible. In no event will Participant have the ability to determine the calendar year of any such issuance. "**Retirement Eligibility Units**" means the number of Performance Units, rounded down to the nearest whole number of Performance Units, determined by taking the Change in Control Transaction Determined Units and multiplying it by (x) if Participant is Retirement Eligible at the time of the Change in Control Transaction, the fraction determined by taking the number of days the Participant was a Service Provider from and including the first day of the Performance Period through and including the date of the Change in Control Transaction, as applicable, and dividing such number by the total number of days in the Performance Period, or (y) if Participant first becomes Retirement Eligible following the date of the Change in Control Transaction, the fraction determined by taking the number of days the Participant was a Service Provider from and including the first day of the Performance Period through and including the date Participant first becomes Retirement Eligible, and dividing such number by the total number of days in the Performance Period. Any Change in Control Transaction Determined Units that do not vest upon a Change in Control Transaction or upon later Retirement Eligibility under this Section 8(d) will remain outstanding and eligible to vest under the remaining provisions of this Award Agreement and shall terminate and forfeit in accordance with such remaining provisions. In the event that Participant incurs a Qualifying Termination or terminates due to death or Disability, in either case, on the same date as the pro-rata vesting under this Section 8(d) otherwise would occur, this Section 8(d) shall not apply, and Participant shall not vest in the Retirement Eligibility Units pursuant this Section 8(d) but instead shall vest, if at all, under the applicably Qualifying Termination-related acceleration of vesting provisions herein.

**(e) Impact of Death or Disability Following a Change in Control Transaction.** Additionally, if the Participant terminates due to Participant's death or Disability upon or at any time following the Change in Control Transaction and prior to the Performance & Service Period End Date, the Change in Control Transaction Continued Service Requirement will be waived and the Change in Control Transaction Determined Units (less any Performance Units that previously have vested upon Participant's becoming Retirement Eligible in accordance with Section 8(d)) will immediately vest on the date of such termination. Except as provided under Section 8(f), Shares will be issued in settlement of the Change in Control Transaction Determined Units, if any, within 60 days following the date of the Participant's termination due to Participant's death or Disability. In no event will Participant (or the Participant's estate or beneficiaries) have the ability to determine the calendar year of any such issuance.

**(f) Non-Assumption of Award by Buyer.** In the event of a Change in Control Transaction where the acquiring, surviving or continuing entity will not assume, continue or substitute the

Award on substantially the same terms and conditions as in effect prior to the Change in Control Transaction, and provided that Participant is a Service Provider as of immediately prior to such Change in Control Transaction, the Change in Control Transaction Determined Units will vest immediately prior to the Change in Control Transaction and the Shares will be issued in settlement of the vested Change in Control Transaction Determined Units immediately prior to the Change in Control Transaction.

**9. Application of Section 409A.** The Award is intended to be exempt from the requirements of Section 409A of the Code, or if not so exempt, to otherwise comply with the requirements of Section 409A of the Code, so that none of the Performance Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted consistent with this intent. To that end, the provisions of Section 4(c) of the “*Terms and Conditions of Performance Unit Grant*” of this Award Agreement specifically apply.

**10. Section 280G.** *[add for each Participant with an Employment Agreement containing a 280G section (usually entitled “Limitation on Payment” and usually around Section 8 or 9 of the Employment Agreement):* Notwithstanding anything herein to the contrary, the Section of the Employment Agreement entitled [“Limitation on Payments”]*[section title to be confirmed/ updated as appropriate each time a PRSU is awarded]* shall apply to this Award. If the Employment Agreement is amended or restated, any successor provision to the “Limitation on Payments” section shall apply.

*[add for each Participant who does NOT have an Employment Agreement or whose employment agreement does NOT contain a 280G section (usually entitled “Limitation on Payment”):* Notwithstanding anything herein to the contrary, in the event that the Performance Units or vesting thereof provided for in this Award Agreement or any severance, change in control-related, or other payments or benefits otherwise payable to Participant (i) constitute “parachute payments” within the meaning of Section 280G of the Code, and (ii) but for this Section 10, would be subject to the excise tax imposed by Section 4999 of the Code, then such payments or benefits will be either:

- (a) delivered in full, or
- (b) delivered as to such lesser extent which would result in no portion of such benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Participant on an after-tax basis, of the greatest amount of severance or change in control-related, Performance Units or other payments or benefits, notwithstanding that all or some portion of such payments or benefits may be taxable under Section 4999 of the Code. If a reduction in severance, Performance Units and/or other payments or benefits constituting “parachute payments” is necessary so that payments or benefits are delivered to a lesser extent, reduction will occur in the following order: (i) reduction of cash payments, which will occur in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash payment to be reduced; (ii) reduction of acceleration of vesting of equity awards, which will occur in the reverse order of the date of grant for such stock awards (i.e., the vesting of the most recently granted stock awards will be reduced first); and (iii) reduction of other benefits paid or provided to Participant, which will occur in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced. If more than one equity award was made to Participant on the same date of grant, all such awards will have their acceleration of vesting

reduced pro rata. In no event will Participant have any discretion with respect to the ordering of payment reductions.

Unless the Company and Participant otherwise agree in writing, any determination required under this Section will be made in writing by a nationally recognized firm of independent public accountants selected by the Company (the "Accountants"), whose determination will be conclusive and binding upon Participant and the Company for all purposes. For purposes of making the calculations required by this Section 10, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Participant will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 10.

**11. Definitions.** For purposes of this Award, the following definitions shall apply:

(a) **"Cause"** means: (i) Participant's failure to perform Participant's assigned duties responsibilities as a Service Provider (other than a failure resulting from Participant's Disability) after written notice thereof from the Company describing Participant's failure to perform such duties or responsibilities; (ii) Participant engaging in any act of dishonesty, fraud or misrepresentation with respect to the Company; (iii) Participant's violation of any federal or state law or regulation applicable to the business of the Company or its affiliates; (iv) Participant's breach of any confidentiality agreement or invention assignment agreement (including, but not limited to, any Company At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement) between Participant and the Company (or any affiliate of the Company); or (v) Participant being convicted of, or entering a plea of nolo contendere to, any crime. For purposes of clarity, Participant's termination of Service Provider status due to death or Disability is not, by itself, deemed to be a termination by the Company other than for Cause or a resignation for Good Reason.

(b) **"Change in Control Transaction"** means a Change in Control, as such term is defined in the Plan, that occurs on or after the Date of Grant.

(c) **"Disability"** means Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering Company employees. In all cases, determination of "Disability" shall be made consistent with the requirements of Section 409A.

(d) **"Good Reason"** means Participant's resignation within 30 days following the expiration of any Company cure period (discussed below) following the occurrence of one or more of the following, without Participant's consent: (i) a material reduction in Participant's base salary which reduction is not applicable to a majority of the Company's senior management, provided that any material reduction in Participant's base salary for which there is a substitution with compensation and benefits that, in the aggregate, are substantially equivalent in value to the reduction in Participant's base salary, will not constitute "Good Reason"; (ii) a material reduction of Participant's authority, duties or responsibilities, unless Participant is provided with a comparable position; provided, however, that a reduction in authority, duties, or responsibilities primarily by virtue of the Company being acquired and

made part of a larger entity whether as a subsidiary, business unit or otherwise (as, for example, when an officer of the Company retains such title following an acquisition where the Company becomes a wholly owned subsidiary of the acquirer, but is not made an officer of the acquiring corporation) will not constitute "Good Reason"; or (iii) a material change in the geographic location of Participant's primary work facility or location; provided, that a relocation of 50 miles or less from Participant's then present location or to Participant's home as Participant's primary work location will not be considered a material change in geographic location. In order for an event to qualify as Good Reason, Participant must not terminate Participant's status as a Service Provider with the Company without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within 90 days of the initial existence of the grounds for "Good Reason" and a reasonable cure period of not less than 30 days following the date of such notice, and such grounds must not have been cured during such time. Any resignation for Good Reason must occur within 2 years of the initial existence of the acts or omissions constituting the grounds for "Good Reason".

(e) **"Qualifying Termination"** means (i) the Participant's termination as a Service Provider by the Company without Cause, or (ii) the Participant's resignation for Good Reason.

(f) **"Release Requirement"** means the Participant's provision to the Company following termination as a Service Provider of an executed waiver and general release of claims in a form reasonably acceptable to the Company (the **"Release"**) no later than 45 days following such termination, and such Release becoming effective in accordance with its terms no later than 54 days following such termination.

(g) **"Retirement"** means the Participant's voluntary termination as a Service Provider other than for Good Reason on or after becoming Retirement Eligible.

(h) **"Retirement Eligible"** means, as of a given date that occurs on or after May 15, 2025, the Participant is a current Service Provider and (i) the Participant is then at least age 65, and (ii) the Participant has continuously served as a Service Provider for not less than five years (measured back from, and inclusive of, the given date of determination).

(g) **"Separation from Service"** means the Participant's "separation from service" for purposes of Section 409A of the Code.

TRUECAR, INC.  
2023 EQUITY INCENTIVE PLAN  
PERFORMANCE UNIT AWARD AGREEMENT

TERMS AND CONDITIONS OF PERFORMANCE UNIT GRANT

**1. Grant of Performance Units.** The Company hereby grants to the individual (the “*Participant*”) named in the Notice of Grant under the Plan an Award of Performance Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Award Agreement, the terms and conditions of the Plan shall prevail.

**2. Company’s Obligation to Pay.** Each Performance Unit represents the right to receive a Share on the date it vests. Unless and until the Performance Units will have vested in the manner set forth in Sections 3 or 4 of these Terms and Conditions, Participant will have no right to payment of any such Performance Units. Prior to actual payment of any vested Performance Units, such Performance Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

**3. Vesting Schedule.** The Performance Units awarded by this Award Agreement will vest as specified in the Vesting and Issuance Criteria.

**4. Payment after Vesting.**

**(a) General Rule.** Subject to Participant satisfying any applicable tax withholding obligation set forth in Section 7 of these Terms and Conditions, any Performance Units that vest will be paid to Participant (or in the event of Participant’s death, to Participant’s properly designated beneficiary or estate) in whole Shares. Subject to the provisions of Section 4(b) and 4(c), such vested Performance Units shall be paid in whole Shares as specified in the Vesting and Issuance Criteria. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of payment of any Performance Units payable under this Award Agreement.

**(b) Acceleration.**

**(i) Discretionary Acceleration.** The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Performance Units at any time, subject to the terms of the Plan. If so accelerated, such Performance Units will be considered as having vested as of the date specified by the Administrator. If Participant is a U.S. taxpayer, the payment of Shares vesting pursuant to this Section 4(b) shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Section 409A. The prior sentence may be superseded in a future agreement or amendment to this Award Agreement only by direct and specific reference to such sentence.

**(ii)** Notwithstanding anything in the Plan or this Award Agreement or any other agreement (whether entered into before, on or after the Date of Grant), if the vesting of the balance, or some lesser portion of the balance, of the Performance Units is accelerated in connection with Participant’s termination as a Service Provider (provided that such termination is a “separation from service” within the meaning of Section 409A, as determined by the Company), other than due to Participant’s death, and if (x) Participant is a U.S. taxpayer and a “specified employee” within the



meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Performance Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Performance Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following Participant's termination as a Service Provider, in which case, the Performance Units will be paid in Shares to Participant's estate as soon as practicable following Participant's death.

**(c) Section 409A.** It is the intent of this Award Agreement that it and all payments and benefits to U.S. taxpayers hereunder be exempt from, or comply with, the requirements of Section 409A, so that none of the Performance Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms in this Award Agreement will be interpreted to be so exempt or so comply. Each payment payable under this Award Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). To that end, and notwithstanding anything in the Award Agreement or in the Plan to the contrary, subject to Section 4(b)(ii) of these "*Terms and Conditions of Performance Unit Grant*" of this Award Agreement, payment in the form of issuance of Shares in settlement of any vested portion of the Award will be made as provided in the Vesting and Issuance Criteria of this Award Agreement and in all cases by March 15 of the calendar year following the calendar year in which occurs the first date on which the applicable Performance Units are no longer subject to a substantial risk of forfeiture for purposes of Section 409A. In no event will the Company or any Service Recipient (as defined below) have any liability or obligation to reimburse, indemnify or hold harmless Participant for any taxes or costs that may be imposed on or incurred by Participant as a result of Section 409A. Subject to Section 23 of these "*Terms and Conditions of Performance Unit Grant*" of this Award Agreement, Participant and the Company agree to work together in good faith to consider amendments to this Award Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Payment under Section 409A. For purposes of this Award Agreement, "**Section 409A**" means Section 409A of the Code, and any final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

**5. Tax Consequences.** Participant has reviewed with Participant's own tax advisors the U.S. federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Award Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Award Agreement.

**6. Death of Participant.** Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of transferee's status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

**7. Tax Obligations**

(a) **Withholding of Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "**Employer**") or any Parent or Subsidiary to which Participant is providing services (together, the Company, Employer and/or Parent or Subsidiary to which Participant is providing services, the "**Service Recipient**"), the ultimate liability for any tax and/or social insurance liability obligations and requirements in connection with the Performance Units, including, without limitation, (i) all federal, state, and local taxes (including the Participant's Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by any Service Recipient or other payment of tax-related items related to Participant's participation in the Plan and legally applicable to Participant; (ii) Participant's and, to the extent required by the Service Recipient, the Service Recipient's fringe benefit tax liability, if any, associated with the grant, vesting, or settlement of the Performance Units or sale of Shares; and (iii) any other Service Recipient taxes the responsibility for which Participant has, or has agreed to bear, with respect to the Performance Units (or settlement thereof or issuance of Shares thereunder) (collectively, the "**Tax Obligations**"), is and remains Participant's sole responsibility and may exceed the amount actually withheld by the applicable Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (A) make no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Performance Units, including, but not limited to, the grant, vesting or settlement of the Performance Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or other distributions, and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Performance Units to reduce or eliminate Participant's liability for Tax Obligations or achieve any particular tax result. Further, if Participant is subject to Tax Obligations in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the applicable Service Recipient (or former employer, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction.

(b) **Tax Withholding.** Pursuant to such procedures as the Administrator may specify from time to time, the Service Recipient may withhold the amount required to be withheld for the payment of Tax Obligations, whether arising at the time of vesting, delivery of Shares, or whenever otherwise due (the "Withholding Obligations"). The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require Participant to satisfy such Withholding Obligations, in whole or in part (without limitation), if permissible by applicable local law, by: (i) paying cash in U.S. dollars; (ii) having the Company withhold otherwise deliverable cash or Shares having a fair market value equal to the minimum amount that is necessary to meet the withholding requirement for such Withholding Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences) ("Net Share Withholding"); (iii) withholding the amount of such Withholding Obligations from Participant's wages or other cash compensation paid to Participant by the applicable Service Recipient(s); (iv) delivering to the Company Shares that Participant owns and that already have vested with a fair market value equal to the Withholding Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences); (v) selling a sufficient number of such Shares otherwise deliverable to Participant, through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the minimum amount that is necessary to meet the withholding requirement for such Withholding Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences) ("Sell to Cover"); (vi) such other means as the Administrator deems appropriate; or (vii) any combination of the foregoing methods of payment. If the Withholding Obligations are satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to

the vested Performance Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Withholding Obligations. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Withholding Obligations by Net Share Withholding. If Net Share Withholding is the method by which such Withholding Obligations are satisfied, the Company will not withhold on a fractional Share basis to satisfy any portion of the Withholding Obligations and, unless the Company determines otherwise, no refund will be made to Participant for the value of the portion of a Share, if any, withheld in excess of the Withholding Obligations. If a Sell to Cover is the method by which Withholding Obligations are satisfied, Participant agrees that as part of the Sell to Cover, additional Shares may be sold to satisfy any associated broker or other fees. Only whole Shares will be sold pursuant to a Sell to Cover. Any proceeds from the sale of Shares pursuant to a Sell to Cover that are in excess of the Withholding Obligations and any associated broker or other fees will be paid to Participant in accordance with procedures the Company may specify from time to time. Until and unless the Administrator determines otherwise, the default method for satisfaction of the Withholding Obligations will be through a Net Share Withholding method.

Participant is advised to review with Participant's own tax advisers the U.S. federal, state, local and non-U.S. tax consequences of the transactions contemplated by this Award Agreement. With respect to such matters, Participant relies solely on such advisers and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company or any Service Recipient) shall be responsible for Participant's own tax liability that may arise as a result of the transactions contemplated by this Award Agreement.

For clarification purposes, in no event will the Company issue Participant any Shares unless and until arrangements satisfactory to the Administrator have been made for the payment of Participant's Withholding Obligations. If Participant fails to make satisfactory arrangements for the payment of such Withholding Obligations hereunder at the time any applicable Performance Units otherwise are scheduled to vest pursuant to this Award Agreement or Participant's Withholding Obligations otherwise become due, Participant permanently will forfeit such Performance Units to which Participant's Withholding Obligation relates and any right to receive Shares thereunder and such Performance Units will be returned to the Company at no cost to the Company. Participant acknowledges and agrees that the Company may permanently refuse to issue or deliver the Shares if such Withholding Obligations are not delivered at the time they are due.

**8. Rights as Stockholder.** Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book entry form) will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Prior to the date that Shares are issued to the Participant in settlement of any vested Performance Units, the Participant does not have the right to vote such Shares that may be issued in respect of the Performance Units or receive any dividends in respect of such Shares, and no dividend equivalents will be credited to the Performance Units. After any issuance of Shares in settlement of vested Performance Units, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

**9. No Guarantee of Continued Service.** PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE PERFORMANCE UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE SERVICE RECIPIENT) AND NOT THROUGH THE ACT OF

BEING HIRED, BEING GRANTED THIS PERFORMANCE UNIT AWARD OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SERVICE RECIPIENT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

**10. Grant is Not Transferable.** Except to the limited extent provided in Section 6 of these Terms and Conditions, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

**11. Nature of Grant.** In accepting the grant, Participant acknowledges, understands and agrees that:

(a) the grant of the Performance Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Units, or benefits in lieu of Performance Units, even if Performance Units have been granted in the past;

(b) all decisions with respect to future Performance Units or other grants, if any, will be at the sole discretion of the Company;

(c) Participant is voluntarily participating in the Plan;

(d) the Performance Units and the Shares subject to the Performance Units are not intended to replace any pension rights or compensation;

(e) the Performance Units and the Shares subject to the Performance Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(f) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted;

(g) for purposes of the Performance Units, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Parent or Subsidiary (regardless of the reason for such termination and whether or not later to be found invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement (including by reference in the Notice of Grant to other arrangements or contracts) or determined by the Administrator, Participant's right to vest in the Performance Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any

period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any, unless Participant is providing bona fide services during such time); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Performance Units grant (including whether Participant may still be considered to be providing services while on a leave of absence);

(h) unless otherwise provided in the Plan or by the Company in its discretion, the Performance Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Performance Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(i) the following provisions apply only if Participant is providing services outside the United States:

(i) the Performance Units and the Shares subject to the Performance Units are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that none of the Company, the Employer or any Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Performance Units or of any amounts due to Participant pursuant to the settlement of the Performance Units or the subsequent sale of any Shares acquired upon settlement; and

(iii) no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Units resulting from the termination of Participant's status as a Service Provider (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of the Performance Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, any Parent or Subsidiary or the Service Recipient, waives Participant's ability, if any, to bring any such claim, and releases the Company, any Parent or Subsidiary and the Service Recipient from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

**12. No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

**13. Data Privacy.** Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement and any other Performance Unit grant materials by and among, as applicable, the Employer, or other Service Recipient the Company and any Parent or Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and the Service Recipient may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Performance Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("**Data**"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to a stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country of operation (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if Participant resides outside the United States, Participant may request a list with the names and addresses of any potential recipients of the Data by contacting Participant's local human resources representative. Participant authorizes the Company, any stock plan service provider selected by the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if Participant resides outside the United States, Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative. Further, Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's status as a Service Provider and career with the Service Recipient will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant Performance Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant's local human resources representative.

**14. Address for Notices.** Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at TrueCar, Inc., 1401 Ocean Avenue, Suite 200, Santa Monica, CA 90401, or at such other address as the Company may hereafter designate in writing.

**15. Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to the Performance Units awarded under the Plan or future Performance Units that may be awarded under the Plan by electronic means or request or require Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**16. No Waiver.** Either party's failure to enforce any provision or provisions of this Award Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Award Agreement. The rights

granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

**17. Successors and Assigns.** The Company may assign any of its rights under this Award Agreement to single or multiple assignees, and this Award Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Award Agreement shall be binding upon Participant and Participant's heirs, executors, administrators, successors and assigns. The rights and obligations of Participant under this Award Agreement may only be assigned with the prior written consent of the Company.

**18. Additional Conditions to Issuance of Stock.** If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or foreign law, the tax code and related regulations or under the rulings or regulations of the United States Securities and Exchange Commission or any other governmental regulatory body or the clearance, consent or approval of the United States Securities and Exchange Commission or any other governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or Participant's estate) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Subject to the terms of the Award Agreement and the Plan, the Company shall not be required to issue any certificate or certificates for Shares hereunder prior to the lapse of such reasonable period of time following the date of vesting of the Performance Units as the Administrator may establish from time to time for reasons of administrative convenience.

**19. Language.** If Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

**20. Interpretation.** The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Performance Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. Neither the Administrator nor any person acting on behalf of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

**21. Plan Governs.** This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

**22. Captions.** Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

**23. Amendment, Suspension or Termination of the Plan.** By accepting this Award, Participant expressly warrants that Participant has received an Award of Performance Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the

Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

**24. Modifications to the Award Agreement.** This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that Participant is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Performance Units.

**25. Governing Law; Venue.** This Award Agreement and the Performance Units are governed by the internal substantive laws, but not the choice of law rules, of California. For purposes of litigating any dispute that arises under these Performance Units or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Los Angeles County, California, or the federal courts for the United States for the Central District of California, and no other courts, where this Award Agreement is made and/or to be performed.

**26. Agreement Severable.** In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

**27. Recovery.** This Award and any shares issued in settlement of this Award are subject to recoupment in accordance with the Company's Compensation Recoupment Policy, any clawback policy adopted pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or is otherwise adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any plan of or agreement~~[include for any Participant with any Employment Agreement: , including but not limited to the Employment Agreement,]~~ with the Company.

**28. Entire Agreement.** The Plan is incorporated herein by reference. The Plan and this Award Agreement (including the appendices and exhibits referenced herein) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant.

**29. Country Addendum.** Notwithstanding any provisions in this Award Agreement, the Performance Unit grant shall be subject to any special terms and conditions set forth in the appendix (if any) to this Award Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Country Addendum (if any), the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Addendum constitutes part of this Award Agreement.



**Certification of Principal Executive Officer  
Pursuant to  
Securities Exchange Act Rules 13a-14(a) and 15d-14(a),  
As Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jantoon R. Reigersman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TrueCar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2024

/s/ Jantoon R. Reigersman

Jantoon R. Reigersman

President and Chief Executive Officer

(Principal Executive Officer)

**Certification of Principal Financial Officer  
Pursuant to  
Securities Exchange Act Rules 13a-14(a) and 15d-14(a),  
As Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Oliver M. Foley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TrueCar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2024

/s/ Oliver M. Foley

Oliver M. Foley

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER  
AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of TrueCar, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission (the "Report"), Jantoon R. Reigersman, as President and Chief Executive Officer and Oliver M. Foley, as Chief Financial Officer, of the Company, each hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2024

By: /s/ Jantoon R. Reigersman

Jantoon R. Reigersman  
*President and Chief Executive Officer*  
*(Principal Executive Officer)*

Date: May 3, 2024

By: /s/ Oliver M. Foley

Oliver M. Foley  
*Chief Financial Officer*  
*(Principal Financial Officer)*