

# YELP INC

## FORM 10-Q (Quarterly Report)

Filed 05/09/25 for the Period Ending 03/31/25

|             |  |
|-------------|--|
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| Telephone   | (415) 908-3801   |
| CIK         | 0001345016   |
| Symbol      | YELP   |
| SIC Code    | 7200 - Services-Personal Services                            |
| Industry    | Internet Services  |
| Sector      | Technology   |
| Fiscal Year | 12/31  |

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, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from to

Commission file number: 001-35444

YELP INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

20-1854266

(I.R.S. Employer Identification No.)

350 Mission Street, 10<sup>th</sup> Floor  
San Francisco, California 94105

(Address of principal executive offices) (Zip Code)

(415) 908-3801

(Registrant’s Telephone Number, Including Area Code)

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 \$0.000001 per share | YELP              | New York Stock Exchange LLC               |

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 an 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 checked="" type="checkbox"/> | Accelerated filer         | <input 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 2, 2025, there were 63,842,428 shares outstanding of the registrant’s common stock, par value \$0.000001 per share.

YELP INC.  
QUARTERLY REPORT ON FORM 10-Q  
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Unless the context suggests otherwise, references in this Quarterly Report on Form 10-Q (the "Quarterly Report") to "Yelp," the "Company," "we," "us" and "our" refer to Yelp Inc. and, where appropriate, its subsidiaries.

Unless the context otherwise indicates, where we refer in this Quarterly Report to our "mobile application" or "mobile app," we refer to all of our applications for mobile-enabled devices; references to our "mobile platform" refer to both our mobile app and the versions of our website that are optimized for mobile-based browsers. Similarly, references to our "website" refer to versions of our website dedicated to both desktop- and mobile-based browsers, as well as the U.S. and international versions of our website.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements that involve risks, uncertainties and assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements contained in this Quarterly Report that are not purely historical, including statements regarding our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements may include, but are not limited to, statements about:

- our financial performance, including our revenue, operating expenses and margins, as well as our ability to maintain profitability;
- our ability to maintain and expand our advertiser base;
- our strategic initiatives to support revenue growth and margin expansion;
- our investment plans and priorities, including planned investments in product development, marketing and our sales channels, as well as the integration of RepairPal, Inc. (“RepairPal”), and our ability to execute against those plans and priorities and the results thereof;
- our ability to operate with a distributed workforce as well as the benefits and costs thereof;
- trends and expectations regarding customer and revenue retention;
- trends and expectations regarding our key metrics, including consumer traffic and engagement and the opportunity they present for growth;
- our liquidity and working capital requirements; and
- our plans with respect to our stock repurchase program.

Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would” and similar expressions or variations intended to identify forward-looking statements.

These statements are based on the beliefs and assumptions of our management, which are in turn based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled “*Risk Factors*” included under Part I, Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2024 (the “Annual Report”), such as:

- [adverse macroeconomic conditions, including related to inflation, interest rates, tariffs, and labor and supply chain issues, and their impact on consumer behavior, user activity and advertiser spending;](#)
- [our ability to maintain and expand our advertiser base, particularly as many businesses continue to face macroeconomic challenges, including labor and supply chain difficulties;](#)
- [our ability to execute on our strategic initiatives and the effectiveness thereof;](#)
- [our ability to maintain and increase traffic to and user engagement on our platform, including our ability to generate, maintain and recommend sufficient content that consumers find relevant, helpful and reliable;](#)
- [our reliance on Internet search engines and application marketplaces, certain providers of which offer products and services that compete directly with our products;](#)

- our ability to [hire, retain, motivate](#) and [effectively manage](#) well-qualified employees in a primarily remote work environment;
- [the rapidly evolving and intensely competitive markets in which we operate](#);
- [our reliance on third-party service providers and strategic partners](#);
- [our ability to maintain the uninterrupted and proper operation of our technology and network infrastructure](#);
- [actual or perceived security breaches as well as errors, vulnerabilities or defects in our software or in products of third-party providers](#);
- [our use of artificial intelligence \(“AI”\) in our products and business operations](#);
- our ability to generate sufficient revenue to maintain profitability, particularly in light of [our limited operating history in an evolving industry](#), [significant ongoing investments in our strategic initiatives](#), and the ongoing impact of macroeconomic challenges;
- our ability to accurately forecast revenue and appropriately plan expenses;
- [our ability to operate effectively on mobile devices and other platforms beyond desktop computers](#);
- [our actual or perceived failure to comply with laws and regulations applicable to our business](#);
- [our ability to maintain, protect and enhance the Yelp brand and manage negative publicity that may arise](#); and
- [our ability to successfully manage any strategic opportunities, including the acquisition and integration of any new businesses, solutions or technologies, such as our recent acquisition of RepairPal, as well as our ability to monetize the acquired products](#).

Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

#### NOTE REGARDING METRICS

We review a number of performance metrics to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions. Please see the section titled “[Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics](#)” in this Quarterly Report and in our Annual Report for information on how we define our key metrics. Unless otherwise stated, these metrics do not include metrics from subscription products or our business-owner products.

While our metrics are based on what we believe to be reasonable calculations, there are inherent challenges in measuring usage across our large user base. All of our key performance metrics, including ad clicks, average cost-per-click (“CPC”), our traffic metrics and active claimed local business locations, are tracked with internal company tools, which are not independently verified by any third party and have a number of limitations. For example, our app unique device metric may be affected by mobile applications that automatically contact our servers for regular updates with no discernible user action involved; this activity can cause our system to count the device associated with the app as an app unique device in a given period. Although we take steps to exclude such activity and, as a result, do not believe it has had a material impact on our reported metrics, our efforts may not successfully account for all such activity.

Our web traffic metrics, which we now report based on internal measurement tools and refer to as desktop unique devices and mobile unique devices, as well as our historical web traffic metrics that were calculated based on data from Google Analytics, a digital marketing intelligence product from Google LLC (“Google”), are subject to similar limitations. Because our traffic metrics are tracked based on unique identifiers under both methodologies, an individual who accesses our website from multiple devices with different identifiers may be counted as multiple unique devices, and multiple individuals who access our website from a shared device with a single identifier may be counted as a single unique device. As a result, the calculations of our unique devices may not accurately reflect the number of people actually visiting our website.

Our measures of traffic and other key metrics may also differ from estimates published by third parties or from similar metrics of our competitors. We are continually seeking to improve our ability to measure these key metrics, and regularly review our processes to assess potential improvements to their accuracy. From time to time, we may discover inaccuracies in our metrics or make adjustments to improve their accuracy, including adjustments that may result in the recalculation of our historical metrics. We believe that any such inaccuracies or adjustments are immaterial unless otherwise stated. Additionally, the changes to the way in which we measure our web traffic metrics have resulted in inconsistencies between new data and previously reported data.

# PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

### **YELP INC.** **CONDENSED CONSOLIDATED BALANCE SHEETS** (In thousands, except par value) (Unaudited)

|   | March 31,<br>2025 | December 31,<br>2024 |
|---|-------------------|----------------------|
| <b>Assets</b>   |                   |                      |
| Current assets:   |                   |                      |
| Cash and cash equivalents   | \$ 222,028        | \$ 217,325           |
| Short-term marketable securities  | 102,384           | 100,581              |
| Accounts receivable (net of allowance for credit losses of \$14,435 and \$15,301 at March 31, 2025 and December 31, 2024, respectively)   | 158,178           | 155,325              |
| Prepaid expenses and other current assets   | 45,121            | 43,648               |
| Total current assets  | 527,711           | 516,879              |
| Property, equipment and software, net   | 79,238            | 75,669               |
| Operating lease right-of-use assets   | 20,848            | 24,112               |
| Goodwill  | 133,809           | 130,980              |
| Intangibles, net  | 56,395            | 58,787               |
| Other non-current assets  | 167,202           | 177,140              |
| Total assets  | <u>\$ 985,203</u> | <u>\$ 983,567</u>    |
| <b>Liabilities and Stockholders' Equity</b>   |                   |                      |
| Current liabilities:  |                   |                      |
| Accounts payable and accrued liabilities  | \$ 163,640        | \$ 131,322           |
| Operating lease liabilities — current   | 13,107            | 20,679               |
| Deferred revenue  | 5,647             | 2,973                |
| Total current liabilities   | 182,394           | 154,974              |
| Operating lease liabilities — long-term   | 20,403            | 22,470               |
| Other long-term liabilities   | 54,388            | 62,154               |
| Total liabilities   | 257,185           | 239,598              |
| Commitments and contingencies (Note 13)   |                   |                      |
| Stockholders' equity:   |                   |                      |
| Common stock, \$0.000001 par value — 200,000 shares authorized, 64,743 shares issued and outstanding at March 31, 2025, and 65,792 shares issued and outstanding at December 31, 2024 | —                 | —                    |
| Additional paid-in capital  | 1,923,554         | 1,903,598            |
| Treasury stock  | (1,580)           | (3,909)              |
| Accumulated other comprehensive loss  | (12,864)          | (15,431)             |
| Accumulated deficit   | (1,181,092)       | (1,140,289)          |
| Total stockholders' equity  | 728,018           | 743,969              |
| Total liabilities and stockholders' equity  | <u>\$ 985,203</u> | <u>\$ 983,567</u>    |

See Notes to Condensed Consolidated Financial Statements.

**YELP INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(Unaudited)

|  | <b>Three Months Ended<br/>March 31,</b> |             |
|--|---|-------------|
|  | <b>2025</b>                             | <b>2024</b> |
| Net revenue  | \$ 358,534                              | \$ 332,752  |
| Costs and expenses:  |   |             |
| Cost of revenue (exclusive of depreciation and amortization shown separately below)              | 34,828                                  | 27,355      |
| Sales and marketing  | 146,284                                 | 147,791     |
| Product development  | 83,905                                  | 91,227      |
| General and administrative   | 51,707                                  | 45,232      |
| Depreciation and amortization  | 12,350                                  | 9,930       |
| Total costs and expenses   | 329,074                                 | 321,535     |
| Income from operations   | 29,460                                  | 11,217      |
| Other income, net  | 5,771                                   | 7,724       |
| Income before income taxes   | 35,231                                  | 18,941      |
| Provision for income taxes   | 10,840                                  | 4,787       |
| Net income attributable to common stockholders   | \$ 24,391                               | \$ 14,154   |
| Net income per share attributable to common stockholders   |   |             |
| Basic  | \$ 0.37                                 | \$ 0.21     |
| Diluted  | \$ 0.36                                 | \$ 0.20     |
| Weighted-average shares used to compute net income per share attributable to common stockholders |   |             |
| Basic  | 65,261                                  | 68,559      |
| Diluted  | 67,324                                  | 72,247      |

See Notes to Condensed Consolidated Financial Statements.

**YELP INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(In thousands)**  
(Unaudited)

|  | <b>Three Months Ended<br/>March 31,</b> |                  |
|--|---|------------------|
|  | <b>2025</b>                             | <b>2024</b>      |
| Net income attributable to common stockholders                           | \$ 24,391                               | \$ 14,154        |
| Other comprehensive income (loss):                                       |   |                  |
| Foreign currency translation adjustments, net of tax                     | 2,519                                   | (1,542)          |
| Unrealized gain (loss) on available-for-sale debt securities, net of tax | 48                                      | (206)            |
| Other comprehensive income (loss)  | 2,567                                   | (1,748)          |
| Comprehensive income   | <u>\$ 26,958</u>                        | <u>\$ 12,406</u> |

See Notes to Condensed Consolidated Financial Statements.



**YELP INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In thousands)  
(Unaudited)

|   | Common Stock  |             | Additional<br>Paid-In Capital | Treasury<br>Stock | Accumulated<br>Other<br>Comprehensive Loss | Accumulated<br>Deficit | Total Stockholders'<br>Equity |
|---|---------------|-------------|-------------------------------|-------------------|--|------------------------|-------------------------------|
|   | Shares        | Amount      |                               |                   |  |                        |                               |
| <b>Balance as of December 31, 2023</b>  | 68,864        | \$ —        | \$ 1,786,667                  | \$ (282)          | \$ (12,202)                                | \$ (1,024,649)         | \$ 749,534                    |
| Issuance of common stock upon exercises of employee stock options             | 17            | —           | 548                           | —                 | —  | —                      | 548                           |
| Issuance of common stock upon vesting of restricted stock units ("RSUs"), net | 776           | —           | —                             | —                 | —  | —                      | —                             |
| Stock-based compensation (inclusive of capitalized stock-based compensation)  | —             | —           | 44,305                        | —                 | —  | —                      | 44,305                        |
| Taxes withheld related to net share settlement of equity awards               | —             | —           | (21,990)                      | —                 | —  | —                      | (21,990)                      |
| Repurchases of common stock   | —             | —           | —                             | (62,830)          | —  | —                      | (62,830)                      |
| Retirement of common stock  | (1,327)       | —           | —                             | 54,783            | —  | (54,783)               | —                             |
| Other comprehensive loss  | —             | —           | —                             | —                 | (1,748)                                    | —                      | (1,748)                       |
| Net income  | —             | —           | —                             | —                 | —  | 14,154                 | 14,154                        |
| <b>Balance as of March 31, 2024</b>   | <u>68,330</u> | <u>\$ —</u> | <u>\$ 1,809,530</u>           | <u>\$ (8,329)</u> | <u>\$ (13,950)</u>                         | <u>\$ (1,065,278)</u>  | <u>\$ 721,973</u>             |
| <b>Balance as of December 31, 2024</b>  | 65,792        | \$ —        | \$ 1,903,598                  | \$ (3,909)        | \$ (15,431)                                | \$ (1,140,289)         | \$ 743,969                    |
| Issuance of common stock upon exercises of employee stock options             | 12            | —           | 273                           | —                 | —  | —                      | 273                           |
| Issuance of common stock upon vesting of RSUs, net                            | 686           | —           | —                             | —                 | —  | —                      | —                             |
| Stock-based compensation (inclusive of capitalized stock-based compensation)  | —             | —           | 39,252                        | —                 | —  | —                      | 39,252                        |
| Taxes withheld related to net share settlement of equity awards               | —             | —           | (19,569)                      | —                 | —  | —                      | (19,569)                      |
| Repurchases of common stock   | —             | —           | —                             | (62,865)          | —  | —                      | (62,865)                      |
| Retirement of common stock  | (1,747)       | —           | —                             | 65,194            | —  | (65,194)               | —                             |
| Other comprehensive income  | —             | —           | —                             | —                 | 2,567                                      | —                      | 2,567                         |
| Net income  | —             | —           | —                             | —                 | —  | 24,391                 | 24,391                        |
| <b>Balance as of March 31, 2025</b>   | <u>64,743</u> | <u>\$ —</u> | <u>\$ 1,923,554</u>           | <u>\$ (1,580)</u> | <u>\$ (12,864)</u>                         | <u>\$ (1,181,092)</u>  | <u>\$ 728,018</u>             |

See Notes to Condensed Consolidated Financial Statements.

**YELP INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

|  | Three Months Ended<br>March 31, |            |
|--|---------------------------------|------------|
|  | 2025                            | 2024       |
| <b>Operating Activities</b>  |                                 |            |
| Net income   | \$ 24,391                       | \$ 14,154  |
| Adjustments to reconcile net income to net cash provided by operating activities:                  |                                 |            |
| Depreciation and amortization  | 12,350                          | 9,930      |
| Provision for credit losses  | 10,559                          | 11,645     |
| Stock-based compensation   | 37,469                          | 42,710     |
| Amortization of right-of-use assets  | 3,440                           | 3,861      |
| Deferred income taxes  | 3,287                           | (1,976)    |
| Amortization of deferred contract cost   | 6,013                           | 6,151      |
| Other adjustments, net   | 1,252                           | 161        |
| Changes in operating assets and liabilities:   |                                 |            |
| Accounts receivable  | (13,998)                        | (13,183)   |
| Prepaid expenses and other assets  | (617)                           | (5,056)    |
| Operating lease liabilities  | (9,902)                         | (9,713)    |
| Accounts payable, accrued liabilities and other liabilities  | 23,751                          | 14,171     |
| Net cash provided by operating activities  | 97,995                          | 72,855     |
| <b>Investing Activities</b>  |                                 |            |
| Purchases of marketable securities — available-for-sale  | (15,134)                        | (22,419)   |
| Sales and maturities of marketable securities — available-for-sale                                 | 13,610                          | 25,395     |
| Purchases of other investments   | —                               | (2,500)    |
| Purchases of property, equipment and software  | (10,531)                        | (6,987)    |
| Other investing activities   | 52                              | 109        |
| Net cash used in investing activities  | (12,003)                        | (6,402)    |
| <b>Financing Activities</b>  |                                 |            |
| Proceeds from issuance of common stock for employee stock-based plans                              | 273                             | 548        |
| Taxes paid related to the net share settlement of equity awards                                    | (19,486)                        | (21,882)   |
| Repurchases of common stock  | (62,500)                        | (62,500)   |
| Net cash used in financing activities  | (81,713)                        | (83,834)   |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash                      | 652                             | (485)      |
| Change in cash, cash equivalents and restricted cash   | 4,931                           | (17,866)   |
| Cash, cash equivalents and restricted cash — Beginning of period                                   | 217,682                         | 314,002    |
| Cash, cash equivalents and restricted cash — End of period   | \$ 222,613                      | \$ 296,136 |
| <b>Supplemental Disclosures of Other Cash Flow Information</b>                                     |                                 |            |
| (Refund received) cash paid for income taxes, net  | \$ (4,286)                      | \$ 146     |
| <b>Supplemental Disclosures of Noncash Investing and Financing Activities</b>                      |                                 |            |
| Purchases of property, equipment and software recorded in accounts payable and accrued liabilities | \$ 2,575                        | \$ 1,510   |
| Repurchases of common stock recorded in accounts payable and accrued liabilities                   | \$ 832                          | \$ 2,103   |
| Excise tax accrued on net stock repurchases  | \$ 365                          | \$ 330     |

See Notes to Condensed Consolidated Financial Statements.

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

**1. DESCRIPTION OF BUSINESS AND BASIS FOR PRESENTATION**

Yelp Inc. was incorporated in Delaware on September 3, 2004. Except where specifically noted or the context otherwise requires, the use of terms such as the “Company” and “Yelp” in these Notes to Condensed Consolidated Financial Statements refers to Yelp Inc. and its subsidiaries.

Yelp is a trusted local resource for consumers and a partner in success for businesses of all sizes. Consumers trust Yelp for its extensive ratings and reviews of businesses across a broad range of categories, while businesses advertise on Yelp to reach its large audience of purchase-oriented and generally affluent consumers. Yelp has operations in the United States, United Kingdom, Canada, Ireland and Germany.

**Basis of Presentation**

The accompanying interim condensed consolidated financial statements are unaudited. These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and the applicable rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements contained in the Annual Report.

The unaudited condensed consolidated balance sheet as of December 31, 2024 included herein was derived from the audited consolidated financial statements as of that date, but does not include all disclosures required by GAAP, including certain notes to the financial statements. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments of a normally recurring nature necessary for the fair presentation of the interim periods presented.

**Principles of Consolidation**

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated upon consolidation.

**Use of Estimates**

The preparation of the Company’s unaudited interim condensed consolidated financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of income and expenses during the reporting period. Items that require estimates, judgments or assumptions include, but are not limited to, determining variable consideration and identifying the nature and timing of satisfaction of performance obligations, allowance for credit losses, valuation of intangible assets acquired in a business combination, fair value and estimated useful lives of long- and indefinite-lived assets, litigation loss contingencies, liabilities related to incurred but not reported insurance claims, fair value and achievement of targets for performance-based restricted stock units (“PRSUs”) and income taxes. These estimates, judgments and assumptions are based on information available as of the date of the condensed consolidated financial statements; therefore, actual results could differ from management’s estimates due to macroeconomic uncertainty and other factors.

**Significant Accounting Policies**

There have been no material changes to the Company’s significant accounting policies from those described in the Annual Report.

**Recently Adopted Accounting Pronouncements**

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” (“ASU 2023-07”), which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about

significant segment expenses. The Company adopted ASU 2023-07 retrospectively in the year ended December 31, 2024. See [Note 18, “Information about Segment, Revenue and Geographic Areas,”](#) for disclosures required by ASU 2023-07.

### Recent Accounting Pronouncements Not Yet Effective

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”), which requires the disclosure of specific categories in the rate reconciliation and greater disaggregation for income taxes paid. ASU 2023-09 will be effective for annual periods beginning after December 15, 2024 and should be adopted prospectively with the option to be adopted retrospectively. The Company is currently evaluating the impact of ASU 2023-09 on its related disclosures.

In November 2024, the FASB issued Accounting Standards Update No. 2024-03, “Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses” (“ASU 2024-03”), which requires the disaggregation of certain expenses in the notes to the financial statements, to provide enhanced transparency regarding the expense captions presented on the condensed consolidated statements of operations. ASU 2024-03 will be effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027 and may be applied either prospectively or retrospectively. The Company is currently evaluating the impact of ASU 2024-03 on its related disclosures.

## 2. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash as of March 31, 2025 and December 31, 2024 consisted of the following (in thousands):

|  | March 31,<br>2025 | December 31,<br>2024 |
|--|-------------------|----------------------|
| Cash   | \$ 111,068        | \$ 87,056            |
| Cash equivalents                                 | 110,960           | 130,269              |
| Total cash and cash equivalents                  | 222,028           | 217,325              |
| Restricted cash                                  | 585               | 357                  |
| Total cash, cash equivalents and restricted cash | \$ 222,613        | \$ 217,682           |

Restricted cash is included in other non-current assets on the Company’s condensed consolidated balance sheets.

## 3. MARKETABLE SECURITIES

Short-term investments and certain cash equivalents consist of investments in debt securities that are classified as available-for-sale. The amortized cost, gross unrealized gains and losses and fair value of investments as of March 31, 2025 and December 31, 2024 were as follows (in thousands):

|  | March 31, 2025 |                              |                               |            |
|--|----------------|------------------------------|-------------------------------|------------|
|  | Amortized Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value |
| Cash equivalents:                      |                |                              |                               |            |
| U.S. government securities             | \$ 776         | \$ —                         | \$ —                          | \$ 776     |
| Total cash equivalents                 | 776            | —                            | —                             | 776        |
| Short-term marketable securities:      |                |                              |                               |            |
| Certificates of deposit                | 3,275          | —                            | —                             | 3,275      |
| Commercial paper                       | 2,367          | —                            | —                             | 2,367      |
| Corporate bonds                        | 44,339         | 86                           | (14)                          | 44,411     |
| Agency bonds                           | 1,237          | 1                            | —                             | 1,238      |
| U.S. government securities             | 50,963         | 140                          | (10)                          | 51,093     |
| Total short-term marketable securities | 102,181        | 227                          | (24)                          | 102,384    |
| Total                                  | \$ 102,957     | \$ 227                       | \$ (24)                       | \$ 103,160 |

|  | December 31, 2024 |                        |                         |                   |
|--|-------------------|------------------------|-------------------------|-------------------|
|  | Amortized Cost    | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value        |
| Short-term marketable securities:      |                   |                        |                         |                   |
| Certificates of deposit                | \$ 1,282          | \$ —                   | \$ —                    | \$ 1,282          |
| Commercial paper                       | 8,867             | —                      | —                       | 8,867             |
| Corporate bonds                        | 38,505            | 42                     | (64)                    | 38,483            |
| Agency bonds                           | 1,237             | 1                      | —                       | 1,238             |
| U.S. government securities             | 50,554            | 177                    | (20)                    | 50,711            |
| Total short-term marketable securities | <u>\$ 100,445</u> | <u>\$ 220</u>          | <u>\$ (84)</u>          | <u>\$ 100,581</u> |

The following tables present gross unrealized losses and fair values for those securities that were in an unrealized loss position as of March 31, 2025 and December 31, 2024, aggregated by investment category and the length of time that the individual securities had been in a continuous loss position (in thousands):

|                            | March 31, 2025      |                 |                      |                 |                  |                 |
|----------------------------|---------------------|-----------------|----------------------|-----------------|------------------|-----------------|
|                            | Less Than 12 Months |                 | 12 Months or Greater |                 | Total            |                 |
|                            | Fair Value          | Unrealized Loss | Fair Value           | Unrealized Loss | Fair Value       | Unrealized Loss |
| Corporate bonds            | \$ 9,422            | \$ (14)         | \$ —                 | \$ —            | \$ 9,422         | \$ (14)         |
| U.S. government securities | 2,822               | (10)            | —                    | —               | 2,822            | (10)            |
| Total                      | <u>\$ 12,244</u>    | <u>\$ (24)</u>  | <u>\$ —</u>          | <u>\$ —</u>     | <u>\$ 12,244</u> | <u>\$ (24)</u>  |

|                            | December 31, 2024   |                 |                      |                 |                  |                 |
|----------------------------|---------------------|-----------------|----------------------|-----------------|------------------|-----------------|
|                            | Less Than 12 Months |                 | 12 Months or Greater |                 | Total            |                 |
|                            | Fair Value          | Unrealized Loss | Fair Value           | Unrealized Loss | Fair Value       | Unrealized Loss |
| Corporate bonds            | \$ 18,285           | \$ (64)         | \$ —                 | \$ —            | \$ 18,285        | \$ (64)         |
| U.S. government securities | 2,038               | (20)            | —                    | —               | 2,038            | (20)            |
| Total                      | <u>\$ 20,323</u>    | <u>\$ (84)</u>  | <u>\$ —</u>          | <u>\$ —</u>     | <u>\$ 20,323</u> | <u>\$ (84)</u>  |

For the three months ended March 31, 2025 and 2024, the Company did not recognize any credit loss related to available-for-sale marketable securities.

The contractual maturities for marketable securities classified as available-for-sale as of March 31, 2025 were as follows (in thousands):

|                          | Amortized Cost    | Fair Value        |
|--------------------------|-------------------|-------------------|
| Due in one year or less  | \$ 74,209         | \$ 74,352         |
| Due in one to five years | 28,748            | 28,808            |
| Total                    | <u>\$ 102,957</u> | <u>\$ 103,160</u> |

#### 4. FAIR VALUE MEASUREMENTS

The Company's investments in money market accounts are recorded as cash equivalents at fair value on the condensed consolidated balance sheets. Additionally, the Company carries its available-for-sale debt securities at fair value. See [Note 3, "Marketable Securities,"](#) for further details.

The accounting guidance for fair value measurements prioritizes the inputs used in measuring fair value in the following hierarchy:

*Level 1*—Observable inputs, such as quoted prices in active markets,

*Level 2*—Inputs other than quoted prices in active markets that are observable either directly or indirectly, or

*Level 3*—Unobservable inputs in which there are little or no market data, which require the Company to develop its own assumptions.

This hierarchy requires the Company to use observable market data, when available, to minimize the use of unobservable inputs when determining fair value. The Company's money market funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted prices in active markets. The Company's certificates of deposit, commercial paper, corporate bonds, agency bonds and U.S. government securities are classified within Level 2 of the fair value hierarchy because they have been valued using inputs other than quoted prices in active markets that are observable directly or indirectly.

The following table represents the fair value of the Company's financial instruments, including those measured at fair value on a recurring basis, as of March 31, 2025 and December 31, 2024 (in thousands):

|   | March 31, 2025   |                   |             |                   | December 31, 2024 |                   |             |                   |
|---|------------------|-------------------|-------------|-------------------|-------------------|-------------------|-------------|-------------------|
|   | Level 1          | Level 2           | Level 3     | Total             | Level 1           | Level 2           | Level 3     | Total             |
| Cash equivalents:   |                  |                   |             |                   |                   |                   |             |                   |
| Money market funds  | \$ 82,407        | \$ —              | \$ —        | \$ 82,407         | \$ 102,793        | \$ —              | \$ —        | \$ 102,793        |
| U.S. government securities  | —                | 776               | —           | 776               | —                 | —                 | —           | —                 |
| Marketable securities:  |                  |                   |             |                   |                   |                   |             |                   |
| Certificates of deposit   | —                | 3,275             | —           | 3,275             | —                 | 1,282             | —           | 1,282             |
| Commercial paper  | —                | 2,367             | —           | 2,367             | —                 | 8,867             | —           | 8,867             |
| Corporate bonds   | —                | 44,411            | —           | 44,411            | —                 | 38,483            | —           | 38,483            |
| Agency bonds  | —                | 1,238             | —           | 1,238             | —                 | 1,238             | —           | 1,238             |
| U.S. government securities  | —                | 51,093            | —           | 51,093            | —                 | 50,711            | —           | 50,711            |
| Other investments:  |                  |                   |             |                   |                   |                   |             |                   |
| Certificates of deposit   | —                | 10,000            | —           | 10,000            | —                 | 10,000            | —           | 10,000            |
| Total cash equivalents, marketable securities and other investments | <u>\$ 82,407</u> | <u>\$ 113,160</u> | <u>\$ —</u> | <u>\$ 195,567</u> | <u>\$ 102,793</u> | <u>\$ 110,581</u> | <u>\$ —</u> | <u>\$ 213,374</u> |

The certificates of deposit are reflected in prepaid expenses and other current assets on the condensed consolidated balance sheets as of March 31, 2025 and December 31, 2024.

## 5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of March 31, 2025 and December 31, 2024 consisted of the following (in thousands):

|   | March 31,<br>2025 | December 31,<br>2024 |
|---|-------------------|----------------------|
| Prepaid expenses                                | \$ 20,877         | \$ 18,615            |
| Certificates of deposit                         | 10,000            | 10,000               |
| Other current assets                            | 14,244            | 15,033               |
| Total prepaid expenses and other current assets | <u>\$ 45,121</u>  | <u>\$ 43,648</u>     |

As of March 31, 2025, other current assets primarily consisted of income taxes receivable, deferred costs related to subleases and short-term deposits.

## 6. PROPERTY, EQUIPMENT AND SOFTWARE, NET

Property, equipment and software, net as of March 31, 2025 and December 31, 2024 consisted of the following (in thousands):

|   | March 31,<br>2025 | December 31,<br>2024 |
|---|-------------------|----------------------|
| Capitalized website and internal-use software development costs | \$ 311,380        | \$ 299,177           |
| Leasehold improvements  | 56,000            | 55,875               |
| Computer equipment  | 27,918            | 27,272               |
| Furniture and fixtures  | 7,668             | 8,911                |
| Telecommunication   | 268               | 262                  |
| Software  | 1,105             | 1,104                |
| Total   | 404,339           | 392,601              |
| Less accumulated depreciation and amortization                  | (325,101)         | (316,932)            |
| Property, equipment and software, net                           | \$ 79,238         | \$ 75,669            |

Depreciation and amortization expense related to property, equipment and software was \$9.9 million and \$9.6 million for the three months ended March 31, 2025 and 2024, respectively.

## 7. ACQUISITION

On November 26, 2024, the Company acquired auto services platform RepairPal, Inc. (“RepairPal”). The key purpose underlying the Company’s acquisition of RepairPal was to accelerate its efforts in Services categories by expanding its offerings in the auto services advertising vertical.

In connection with the acquisition, all outstanding capital stock, options and warrants to purchase capital stock of RepairPal were converted into the right to receive an aggregate of \$80.0 million in cash, subject to customary post-closing adjustments based on net working capital, indebtedness and third-party expenses. The preliminary total purchase consideration was \$81.2 million and reflected a \$1.2 million adjustment from the contractual purchase price. Of the total amount of consideration, the following amounts are being held back to secure the Company’s right of indemnity under the Agreement and Plan of Merger: (1) \$8.0 million is being held back for a 15-month period after closing; (2) \$2.0 million is being held back for a 24-month period after closing; and (3) \$3.5 million is being held back until 30 days following the final, non-appealable resolution of certain legal matters. The Company recorded the \$13.5 million of holdbacks in other long-term liabilities on the condensed consolidated balance sheets as of December 31, 2024, of which \$8.0 million was reclassified to accounts payable and accrued liabilities as of March 31, 2025.

The acquisition was accounted for as a business combination in accordance with Accounting Standards Codification Topic 805, “Business Combinations,” with the results of RepairPal’s operations included in the Company’s condensed consolidated financial statements from November 26, 2024. The Company allocated the purchase price of the acquisition to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. During the three months ended March 31, 2025, the Company recorded a measurement period adjustment to the purchase price allocation, which primarily resulted in a \$0.6 million decrease in accounts receivable, a \$0.5 million increase in accounts payable and accrued liabilities, and a corresponding \$1.1 million increase in goodwill. The Company’s allocation of the purchase price is preliminary as the fair value of net assets acquired and the effects of any post-closing adjustments are still being finalized. Any material measurement period adjustments will be recorded in the period in which the adjustment is identified.

The updated preliminary purchase price allocation, subject to finalization during the measurement period, is as follows (in thousands):

|  | <b>November 26, 2024</b> |
|--|--------------------------|
| <b>Fair value of purchase consideration:</b> |                          |
| Cash:  |                          |
| Distributed to RepairPal stockholders        | \$ 63,935                |
| Paid on behalf of RepairPal stockholders     | 3,812                    |
| Holdbacks                                    | 13,500                   |
| Total purchase consideration                 | <u>\$ 81,247</u>         |
| <b>Fair value of net assets acquired:</b>    |                          |
| Cash and cash equivalents                    | \$ 1,565                 |
| Accounts receivable                          | 3,173                    |
| Intangibles                                  | 53,600                   |
| Goodwill                                     | 30,825                   |
| Other assets                                 | 572                      |
| Total assets acquired                        | 89,735                   |
| Accounts payable and accrued liabilities     | (3,797)                  |
| Deferred tax liability                       | (4,648)                  |
| Other liabilities                            | (43)                     |
| Total liabilities assumed                    | (8,488)                  |
| Net assets acquired                          | <u>\$ 81,247</u>         |

The amounts assigned to each class of intangible assets acquired and their estimated useful lives are as follows:

| <b>Intangible Asset Type</b> | <b>Amount Assigned</b> | <b>Useful Life</b> |
|------------------------------|------------------------|--------------------|
| Business relationships       | \$ 36,000              | 8.8 years          |
| Developed technology         | 14,600                 | 4.5 years          |
| Trademarks                   | 3,000                  | 11.0 years         |
| Weighted average             |                        | 7.7 years          |

The Company estimated the fair value of intangible assets acquired using an income approach. Significant assumptions used include forecasted revenue and expenses, customer attrition rate, royalty rates and discount rates. The fair value measurements were primarily based on significant inputs that are not observable in the market and thus represent a Level 3 measurement within the fair value hierarchy. The intangible assets are amortized on a straight-line basis, which reflects the pattern in which the economic benefits of the intangible assets are being utilized. The goodwill results from expected synergies between the Company and RepairPal. None of the goodwill is deductible for tax purposes.

For the three months ended March 31, 2025, the Company recorded acquisition and integration costs of approximately \$0.5 million, which were included in general and administrative expenses in the accompanying condensed consolidated statements of operations.

## 8. GOODWILL AND INTANGIBLE ASSETS

The Company's goodwill is the result of its acquisitions of other businesses and represents the excess of purchase consideration over the fair value of assets acquired and liabilities assumed. The Company performed its annual goodwill impairment analysis as of August 31, 2024 and concluded that goodwill was not impaired, as the fair value of the reporting unit exceeded its carrying value. Additionally, no triggering events were identified as of March 31, 2025 or December 31, 2024 that would more likely than not reduce the fair value of goodwill below its carrying value.



The change in the carrying amount of goodwill during the three months ended March 31, 2025 was as follows (in thousands):

|                                 |    |         |
|---------------------------------|----|---------|
| Balance as of December 31, 2024 | \$ | 130,980 |
| Measurement period adjustment   |    | 1,056   |
| Effect of currency translation  |    | 1,773   |
| Balance as of March 31, 2025    | \$ | 133,809 |

Intangible assets that were not fully amortized as of March 31, 2025 and December 31, 2024 consisted of the following (dollars in thousands):

|                          | March 31, 2025        |                          |                     |                                 |
|--------------------------|-----------------------|--------------------------|---------------------|---------------------------------|
|                          | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Weighted-Average Remaining Life |
| Business relationships   | \$ 45,918             | \$ (9,185)               | \$ 36,733           | 8.1 years                       |
| Developed technology     | 22,309                | (9,061)                  | 13,248              | 4.1 years                       |
| Licensing agreements     | 6,141                 | (2,969)                  | 3,172               | 4.9 years                       |
| Domain and data licenses | 3,287                 | (2,931)                  | 356                 | 4.3 years                       |
| Trademarks               | 3,877                 | (991)                    | 2,886               | 10.6 years                      |
| Total                    | \$ 81,532             | \$ (25,137)              | \$ 56,395           |                                 |

|                          | December 31, 2024     |                          |                     |                                 |
|--------------------------|-----------------------|--------------------------|---------------------|---------------------------------|
|                          | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Weighted-Average Remaining Life |
| Business relationships   | \$ 45,918             | \$ (7,759)               | \$ 38,159           | 8.3 years                       |
| Developed technology     | 22,309                | (8,250)                  | 14,059              | 4.3 years                       |
| Licensing agreements     | 6,141                 | (2,808)                  | 3,333               | 5.2 years                       |
| Domain and data licenses | 3,194                 | (2,912)                  | 282                 | 4.4 years                       |
| Trademarks               | 3,877                 | (923)                    | 2,954               | 10.8 years                      |
| Total                    | \$ 81,439             | \$ (22,652)              | \$ 58,787           |                                 |

Amortization expense related to intangible assets was \$2.5 million and \$0.3 million for the three months ended March 31, 2025 and 2024, respectively.

As of March 31, 2025, estimated future amortization expense was as follows (in thousands):

|                    |    |        |
|--------------------|----|--------|
| Remainder of 2025  | \$ | 7,390  |
| 2026               |    | 9,853  |
| 2027               |    | 9,853  |
| 2028               |    | 9,457  |
| 2029               |    | 4,680  |
| 2030               |    | 2,906  |
| Thereafter         |    | 12,256 |
| Total amortization | \$ | 56,395 |

## 9. LEASES

The components of lease cost, net for the three months ended March 31, 2025 and 2024 were as follows (in thousands):

|   | Three Months Ended<br>March 31, |          |
|---|---------------------------------|----------|
|   | 2025                            | 2024     |
| Operating lease cost                      | \$ 3,949                        | \$ 4,942 |
| Short-term lease cost (12 months or less) | 116                             | 97       |
| Sublease income                           | (3,791)                         | (3,400)  |
| Total lease cost, net                     | \$ 274                          | \$ 1,639 |

The Company's leases and subleases do not include any variable lease payments, residual value guarantees, related-party leases, or restrictions or covenants that would limit or prevent the Company from exercising its right to obtain substantially all of the economic benefits from use of the respective assets during the lease term.

Supplemental cash flow information related to leases for the three months ended March 31, 2025 and 2024 was as follows (in thousands):

|   | Three Months Ended<br>March 31, |           |
|---|---------------------------------|-----------|
|   | 2025                            | 2024      |
| Cash paid for amounts included in the measurement of lease liabilities: |                                 |           |
| Operating cash flows from operating leases                              | \$ 10,413                       | \$ 10,794 |

As of March 31, 2025, maturities of lease liabilities were as follows (in thousands):

|                                    |           |
|------------------------------------|-----------|
| Remainder of 2025                  | \$ 11,832 |
| 2026                               | 7,311     |
| 2027                               | 7,197     |
| 2028                               | 5,893     |
| 2029                               | 2,718     |
| 2030                               | 936       |
| Thereafter                         | 605       |
| Total minimum lease payments       | 36,492    |
| Less imputed interest              | (2,982)   |
| Present value of lease liabilities | \$ 33,510 |

As of March 31, 2025 and December 31, 2024, the weighted-average remaining lease term and weighted-average discount rate were as follows:

|  | March 31,<br>2025 | December 31,<br>2024 |
|--|-------------------|----------------------|
| Weighted-average remaining lease term (years) — operating leases | 3.7               | 3.3                  |
| Weighted-average discount rate — operating leases                | 4.9 %             | 5.1 %                |

In March 2025, the Company entered into a lease agreement for new office space in London, the term of which commenced in May 2025 and is expected to expire in May 2028. The Company will classify this as an operating lease and, as of March 31, 2025, expected to make aggregate rent payments of approximately \$1.8 million over the life of the lease.

## 10. OTHER NON-CURRENT ASSETS

Other non-current assets as of March 31, 2025 and December 31, 2024 consisted of the following (in thousands):

|                                | March 31,<br>2025 | December 31,<br>2024 |
|--------------------------------|-------------------|----------------------|
| Deferred tax assets            | \$ 136,316        | \$ 139,588           |
| Deferred contract costs        | 23,629            | 24,156               |
| Other non-current assets       | 7,257             | 13,396               |
| Total other non-current assets | <u>\$ 167,202</u> | <u>\$ 177,140</u>    |

## 11. CONTRACT BALANCES

The changes in the allowance for credit losses during the three months ended March 31, 2025 and 2024 were as follows (in thousands):

|                                     | Three Months Ended<br>March 31, |                  |
|-------------------------------------|---------------------------------|------------------|
|                                     | 2025                            | 2024             |
| Balance, beginning of period        | \$ 15,301                       | \$ 13,768        |
| Add: provision for credit losses    | 10,559                          | 11,645           |
| Less: write-offs, net of recoveries | (11,425)                        | (10,851)         |
| Balance, end of period              | <u>\$ 14,435</u>                | <u>\$ 14,562</u> |

In calculating the allowance for credit losses as of March 31, 2025 and 2024, the Company considered expectations of probable credit losses based on observed trends in cancellations, observed changes in the credit risk of specific customers, the impact of anticipated closures and bankruptcies using forecasted economic indicators in addition to historical experience and loss patterns during periods of macroeconomic uncertainty. The decrease in the provision for credit losses in the three months ended March 31, 2025 as compared to the prior-year period was primarily a result of the release of a higher amount of bad debt reserves.

Contract liabilities consist of deferred revenue, which is recorded on the condensed consolidated balance sheets when the Company has received consideration, or has the right to receive consideration, in advance of transferring the performance obligations under the contract to the customer.

The changes in short-term deferred revenue during the three months ended March 31, 2025 were as follows (in thousands):

|  | Three Months Ended<br>March 31, 2025 |
|--|--------------------------------------|
| Balance, beginning of period                                 | \$ 2,973                             |
| Less: recognition of deferred revenue from beginning balance | (2,408)                              |
| Add: net increase in current period contract liabilities     | 5,082                                |
| Balance, end of period                                       | <u>\$ 5,647</u>                      |

The majority of the Company's deferred revenue balance as of March 31, 2025 is classified as short-term and is expected to be recognized as revenue in the subsequent three-month period ending June 30, 2025. An immaterial amount of long-term deferred revenue is included in other long-term liabilities as of March 31, 2025. No other contract assets or liabilities were recorded on the Company's condensed consolidated balance sheets as of March 31, 2025 and December 31, 2024.

## 12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of March 31, 2025 and December 31, 2024 consisted of the following (in thousands):

|  | March 31,<br>2025 | December 31,<br>2024 |
|--|-------------------|----------------------|
| Accounts payable                               | \$ 12,739         | \$ 11,904            |
| Employee-related liabilities                   | 99,550            | 85,396               |
| Taxes payable                                  | 13,788            | 9,528                |
| Accrued cost of revenue                        | 8,401             | 8,559                |
| Other accrued liabilities                      | 29,162            | 15,935               |
| Total accounts payable and accrued liabilities | <u>\$ 163,640</u> | <u>\$ 131,322</u>    |

As of March 31, 2025, other accrued liabilities primarily consisted of accrued operating expenses and current holdback consideration related to the acquisition of RepairPal.

## 13. COMMITMENTS AND CONTINGENCIES

### Legal Proceedings

#### *CIPA Action*

On October 12, 2016, a putative class action lawsuit asserting claims under the California Invasion of Privacy Act was filed against the Company (the “CIPA Action”) in the Superior Court of California for the County of San Francisco (the “Superior Court”), in which the plaintiff sought statutory damages and other relief based on alleged unlawful call recording. The Company filed a motion for summary judgment on the basis that it had never recorded the plaintiff, which the Superior Court granted. The plaintiff appealed and, in October 2020, the California Court of Appeal for the First District (the “Court of Appeal”) reversed the decision of the Superior Court, holding that the recording of only the Company’s consenting sales representatives could violate CIPA, even if the plaintiff was not recorded. The California Supreme Court subsequently denied review of the Court of Appeal’s decision and the case was remanded to the Superior Court. On January 18, 2023, the Superior Court granted the plaintiffs’ motion for class certification. In February 2023, the Company filed a petition for a writ with the Court of Appeal seeking reversal of the Superior Court’s class certification decision. The Court of Appeal summarily denied the writ petition on May 25, 2023, following which the Company filed a petition with the California Supreme Court on June 2, 2023 seeking an order directing the Court of Appeal to review the merits of the Company’s writ petition. On July 17, 2023, the Company reached a preliminary agreement with the plaintiffs to settle the CIPA Action for \$15.0 million, which payment the Company expected to be partially funded by insurance proceeds. The parties executed a settlement agreement, which the plaintiff presented to the Superior Court for approval. On April 10, 2024, the Superior Court granted final approval of the settlement, which resolved all claims asserted against the Company in the CIPA Action without any liability or wrongdoing attributed to it.

The Company assesses, in conjunction with its legal counsel, the need to record a liability for litigation and contingencies, which it will accrue when it believes a loss is probable and the amount can be reasonably estimated. As of March 31, 2024, the Company believed the loss was probable and the payment amount of \$15.0 million represented a reasonable estimate of loss contingency. The Company recorded a \$4.0 million accrual for loss contingency related to the CIPA Action as of December 31, 2022 and an additional accrual of \$11.0 million during 2023, resulting in a \$15.0 million accrual for loss contingency within accounts payable and accrued liabilities on the Company’s condensed consolidated balance sheet as of March 31, 2024. The accrual for loss contingency was released upon the settlement payment of \$15.0 million in the three months ended June 30, 2024. The receivable for loss recovery that was recorded in 2023 for the anticipated insurance proceeds of \$3.9 million was released upon receipt of the proceeds on January 18, 2024.

#### *Other Legal Proceedings*

The Company is subject to legal proceedings arising in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, the Company currently does not believe that the final outcome of any of these other matters will have a material effect on the Company’s business, financial position, results of operations or cash flows.

## Indemnification Agreements

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, services to be provided by the Company or from intellectual property infringement claims made by third parties. The Company may also assume indemnification obligations in strategic transactions, such as its assumption of certain indemnification obligations in its acquisition of RepairPal.

In addition, the Company has entered into indemnification agreements with directors and certain officers and employees that will require the Company to, among other things, indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees.

While the outcome of claims cannot be predicted with certainty, the Company does not believe that the outcome of any claims under the indemnification arrangements will have a material effect on the Company's business, financial position, results of operations or cash flows.

## Revolving Credit Facility

On April 28, 2023, the Company entered into a Revolving Credit and Guaranty Agreement with certain lenders and JPMorgan Chase Bank, N.A., as administrative and collateral agent, which provides for a five-year \$125.0 million senior secured revolving credit facility (the "credit facility"). The credit facility includes a letter of credit sub-limit of \$25.0 million, a bilateral letter of credit facility of \$25.0 million and an accordion option, which, if exercised, would allow the Company to increase the aggregate commitments by up to \$250.0 million, plus additional amounts if the Company is able to satisfy a leverage test, subject to certain conditions. The commitments under the credit facility expire on April 28, 2028.

Loans under the credit facility bear interest, at the Company's election, at either (a) an adjusted term Secured Overnight Financing Rate plus 0.10% plus a margin of 1.25% - 1.50%, depending on the Company's total leverage ratio, or (b) an alternative base rate plus a margin of 0.25% - 0.50%, depending on the Company's total leverage ratio. The Company is required to pay a commitment fee on the undrawn portion of the aggregate commitments that accrues at 0.20% - 0.25% per annum, depending on the Company's total leverage ratio, as well as a letter of credit fee on any outstanding letters of credit that accrues at 1.25% - 1.50% per annum, depending on the Company's total leverage ratio.

The credit facility contains customary conditions to borrowing, events of default and covenants, including covenants that restrict the Company's ability to incur indebtedness, grant liens, make distributions, pay dividends, repurchase shares, make investments and engage in transactions with the Company's affiliates, in each case subject to certain exceptions. The credit facility also requires the Company to maintain a total leverage ratio of no greater than 3.75 to 1.00, subject to an increase up to 4.25 to 1.00 for a certain period following significant acquisitions, and an interest coverage ratio of no less than 3.00 to 1.00. The obligations under the credit facility are secured by liens on substantially all of the Company's domestic assets, including certain domestic intellectual property assets and the equity of its domestic subsidiaries, as well as a portion of the equity interests the Company holds directly in its foreign subsidiaries.

As of March 31, 2025, the Company had \$14.0 million of letters of credit outstanding under the credit facility sub-limit. The letters of credit are primarily related to lease agreements for certain office locations and are required to be maintained and issued to the landlords of each facility. No loans were outstanding under the credit facility and the Company was in compliance with all conditions and covenants thereunder as of March 31, 2025.

## 14. STOCKHOLDERS' EQUITY

The following table presents the number of shares authorized and issued as of March 31, 2025 and December 31, 2024 (in thousands):

|                                    | March 31, 2025    |               | December 31, 2024 |               |
|------------------------------------|-------------------|---------------|-------------------|---------------|
|                                    | Shares Authorized | Shares Issued | Shares Authorized | Shares Issued |
| Common stock, \$0.000001 par value | 200,000           | 64,743        | 200,000           | 65,792        |
| Undesignated preferred stock       | 10,000            | —             | 10,000            | —             |

## Stock Repurchase Program

As of March 31, 2025, the Company's board of directors had authorized the Company to repurchase up to an aggregate of \$1.95 billion of its outstanding common stock, \$268.3 million of which remained available as of March 31, 2025. The Company may purchase shares at management's discretion in the open market, in privately negotiated transactions, in transactions structured through investment banking institutions or a combination of the foregoing.

During the three months ended March 31, 2025, the Company repurchased on the open market 1,688,858 shares for an aggregate purchase price of \$62.5 million and retired 1,747,343 shares. As of March 31, 2025, the Company had a treasury stock balance of 42,375 shares, which were excluded from its outstanding share count as of such date and subsequently retired in April 2025.

During the three months ended March 31, 2024, the Company repurchased on the open market 1,526,366 shares for an aggregate purchase price of \$62.5 million and retired 1,326,887 shares. As of March 31, 2024, the Company had a treasury stock balance of 199,479 shares, which were excluded from its outstanding share count as of such date and subsequently retired in April 2024. As of March 31, 2024, the treasury stock balance included \$0.6 million of excise tax imposed by the Inflation Reduction Act of 2022 on stock repurchases, net of shares issued.

## Equity Incentive Plans

### Stock Options

A summary of stock option activity for the three months ended March 31, 2025 is as follows:

|  | Number of<br>Shares (in<br>thousands) | Weighted-<br>Average<br>Exercise Price | Weighted-<br>Average<br>Remaining<br>Contractual<br>Term (in years) | Aggregate<br>Intrinsic Value<br>(in thousands) |
|--|---------------------------------------|--|---|--|
| Outstanding at December 31, 2024                 | 2,464                                 | \$ 34.44                               | 2.6   | \$ 14,407                                      |
| Exercised  | (12)                                  | 20.47                                  |   |  |
| Canceled   | (104)                                 | 54.41                                  |   |  |
| Outstanding at March 31, 2025                    | 2,348                                 | \$ 33.65                               | 2.5   | \$ 11,147                                      |
| Options vested and exercisable at March 31, 2025 | 2,341                                 | \$ 33.65                               | 2.5   | \$ 11,130                                      |

### RSUs

RSUs include PRSUs that are subject to either (a) a market condition or (b) the achievement of performance goals. As the PRSU activity during the three months ended March 31, 2025 was not material, it is presented together with the RSU activity in the table below. A summary of RSU and PRSU activity for the three months ended March 31, 2025 is as follows (in thousands, except per share amounts):

|  | Number of Shares | Weighted-Average<br>Grant Date Fair<br>Value |
|--|------------------|--|
| Nonvested at December 31, 2024             | 6,715            | \$ 36.10                                     |
| Granted                                    | 2,487            | 41.27  |
| Vested <sup>(1)</sup>                      | (1,221)          | 38.77  |
| Canceled                                   | (173)            | 37.65  |
| Nonvested at March 31, 2025 <sup>(2)</sup> | 7,808            | \$ 37.29                                     |

<sup>(1)</sup> Includes 535,584 shares that vested but were not issued due to the Company's use of net share settlement for payment of employee taxes.

<sup>(2)</sup> Includes 903,882 PRSUs.

The aggregate fair value as of the vest date of RSUs and PRSUs that vested during the three months ended March 31, 2025 and 2024 was \$44.6 million and \$50.7 million, respectively. As of March 31, 2025, the Company had approximately \$265.0

million of unrecognized stock-based compensation expense related to RSUs and PRSUs, which it expects to recognize over the remaining weighted-average vesting period of approximately 2.2 years.

#### Employee Stock Purchase Plan

There were no shares purchased by employees under the Employee Stock Purchase Plan (“ESPP”) during the three months ended March 31, 2025 or 2024. The Company recognized stock-based compensation expense related to the ESPP of \$1.1 million for each of the three months ended March 31, 2025 and 2024.

#### Stock-Based Compensation

The following table summarizes the effects of stock-based compensation expense related to stock-based awards in the condensed consolidated statements of operations during the periods presented (in thousands):

|   | Three Months Ended<br>March 31, |           |
|---|---------------------------------|-----------|
|   | 2025                            | 2024      |
| Cost of revenue   | \$ 1,171                        | \$ 1,401  |
| Sales and marketing   | 7,639                           | 8,699     |
| Product development   | 19,409                          | 23,653    |
| General and administrative  | 9,250                           | 8,957     |
| Total stock-based compensation recorded to income before income taxes                     | 37,469                          | 42,710    |
| Benefit from income taxes   | (7,411)                         | (8,395)   |
| Total stock-based compensation recorded to net income attributable to common stockholders | \$ 30,058                       | \$ 34,315 |

The Company capitalized \$2.8 million and \$2.7 million of stock-based compensation expense as website and internal-use software development costs and, to a lesser extent, implementation costs incurred related to cloud computing arrangements that are service contracts in the three months ended March 31, 2025 and 2024, respectively.

#### 15. OTHER INCOME, NET

Other income, net for the three months ended March 31, 2025 and 2024 consisted of the following (in thousands):

|  | Three Months Ended<br>March 31, |          |
|--|---------------------------------|----------|
|  | 2025                            | 2024     |
| Interest income, net                             | \$ 3,512                        | \$ 5,664 |
| Transaction gain (loss) on foreign exchange, net | 56                              | (142)    |
| Other non-operating income, net                  | 2,203                           | 2,202    |
| Other income, net                                | \$ 5,771                        | \$ 7,724 |

#### 16. INCOME TAXES

The Company is subject to income taxes in the United States as well as other tax jurisdictions in which it conducts business. Earnings from non-U.S. activities are subject to local country income taxes. The provision for income taxes for the three months ended March 31, 2025 was \$10.8 million, which was due to \$8.7 million of U.S. federal, state and foreign income tax expense and \$2.1 million of net discrete tax expense primarily related to interest on uncertain tax positions. The provision for income taxes for the three months ended March 31, 2024 was \$4.8 million, which was due to \$5.1 million of U.S. federal, state and foreign income tax expense, partially offset by \$0.3 million of net discrete tax benefit primarily related to stock-based compensation.

Accounting for income taxes for interim periods generally requires the provision for income taxes to be determined by applying an estimate of the annual effective tax rate for the full fiscal year to income or loss before income taxes, excluding unusual or infrequently occurring discrete items, for the reporting period. For the three months ended March 31, 2025 and 2024, the difference between the effective tax rate and the federal statutory tax rate primarily related to tax credits, offset by stock-based compensation and other non-deductible expenses.

As of March 31, 2025, the Company had \$45.4 million of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate.

As of March 31, 2025, the Company estimated that it had accumulated undistributed earnings generated by its foreign subsidiaries of approximately \$48.4 million. Any taxes due with respect to such earnings or the excess of the amount for financial reporting over the tax basis of the Company's foreign investments would generally be limited to foreign and state taxes. The Company has not recognized a deferred tax liability related to unremitted foreign earnings, as it intends to indefinitely reinvest these earnings, and expects future U.S. cash generation to be sufficient to meet future U.S. cash needs.

In addition, the Company is subject to the continuous examination of its income tax returns by the Internal Revenue Service and other tax authorities. The Company's federal and state income tax returns for tax years subsequent to 2012 remain open to examination. In the Company's foreign jurisdictions — Canada, Germany, Ireland and the United Kingdom — the tax years subsequent to 2018 remain open to examination. The Company regularly assesses the likelihood of adverse outcomes resulting from examinations to determine the adequacy of its provision for income taxes and monitors the progress of ongoing discussions with tax authorities and the impact, if any, of the expected expiration of the statute of limitations in various taxing jurisdictions. The Company believes that an adequate provision has been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs. As of March 31, 2025, although the timing of the resolution or closure of audits is not certain, the Company believes it is reasonably possible that unrecognized tax benefits will not be reduced within the next 12 months.

## 17. NET INCOME PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

Basic net income (loss) per share attributable to common stockholders is computed using the weighted-average number of outstanding shares of common stock during the period. Diluted net income (loss) per share attributable to common stockholders is computed using the weighted-average number of outstanding shares of common stock and the effect of potentially dilutive securities outstanding during the period. Potentially dilutive securities include stock options, RSUs (including PRSUs) and, to a lesser extent, ESPP shares. If dilutive, such potentially dilutive securities are reflected in net income (loss) per share attributable to common stockholders using the treasury stock method.

The following tables present the calculation of basic and diluted net income per share attributable to common stockholders for the periods presented (in thousands, except per share data):

|   | Three Months Ended<br>March 31, |           |
|---|---------------------------------|-----------|
|   | 2025                            | 2024      |
| Basic net income per share:                                       |                                 |           |
| Net income attributable to common stockholders                    | \$ 24,391                       | \$ 14,154 |
| Shares used in computation:                                       |                                 |           |
| Weighted-average common shares outstanding                        | 65,261                          | 68,559    |
| Basic net income per share attributable to common stockholders:   | \$ 0.37                         | \$ 0.21   |
|   |                                 |           |
|   | Three Months Ended<br>March 31, |           |
|   | 2025                            | 2024      |
| Diluted net income per share:                                     |                                 |           |
| Net income attributable to common stockholders                    | \$ 24,391                       | \$ 14,154 |
| Shares used in computation:                                       |                                 |           |
| Weighted-average common shares outstanding                        | 65,261                          | 68,559    |
| Stock options   | 327                             | 469       |
| RSUs  | 1,585                           | 3,072     |
| ESPP  | 151                             | 147       |
| Number of shares used in diluted calculation                      | 67,324                          | 72,247    |
| Diluted net income per share attributable to common stockholders: | \$ 0.36                         | \$ 0.20   |



The following stock-based instruments were excluded from the calculation of diluted net income per share attributable to common stockholders because their effect would have been anti-dilutive for the periods presented (in thousands):

|               | Three Months Ended<br>March 31, |       |
|---------------|---------------------------------|-------|
|               | 2025                            | 2024  |
| Stock options | 551                             | 666   |
| RSUs          | 3,342                           | 1,478 |

## 18. INFORMATION ABOUT SEGMENT, REVENUE AND GEOGRAPHIC AREAS

The Company considers operating segments to be components of the Company for which separate financial information is available and evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has determined that it has a single operating and reporting segment managed on a consolidated basis. The single segment generates substantially all of its revenue from the sale of performance-based advertising products through its advertising platform. The chief operating decision maker for the Company is the Chief Executive Officer. The Chief Executive Officer assesses performance for the single segment and decides how to allocate resources based on net income, which is reported on the condensed consolidated statements of operations as net income attributable to common stockholders. Net income is used to monitor budget versus actual results. The measure of segment assets is reported on the condensed consolidated balance sheets as total assets.

The following table presents a reconciliation of segment net income to net income attributable to common stockholders for the periods presented (in thousands):

|   | Three Months Ended<br>March 31, |            |
|---|---------------------------------|------------|
|   | 2025                            | 2024       |
| Net revenue   | \$ 358,534                      | \$ 332,752 |
| Less:   |                                 |            |
| Employee expense (exclusive of stock-based compensation) <sup>(1)</sup>                   | 184,586                         | 180,916    |
| Cost of revenue (exclusive of depreciation and amortization and stock-based compensation) | 33,656                          | 25,955     |
| Stock-based compensation  | 37,469                          | 42,710     |
| Other segment items <sup>(2)</sup>  | 55,242                          | 54,300     |
| Depreciation and amortization   | 12,350                          | 9,930      |
| Provision for income taxes  | 10,840                          | 4,787      |
| Segment net income  | 24,391                          | 14,154     |
| Reconciliation of segment net income to net income attributable to common stockholders    |                                 |            |
| Adjustments and reconciling items   | —                               | —          |
| Net income attributable to common stockholders  | \$ 24,391                       | \$ 14,154  |

<sup>(1)</sup> Includes expense related to employees working in the sales and marketing, product development and general and administrative departments and excludes expense related to employees working in the infrastructure department whose costs are included in the cost of revenue (exclusive of depreciation and amortization and stock-based compensation) line.

<sup>(2)</sup> Includes marketing, facilities, travel and entertainment, consulting and professional services, hardware and software, bad debt, litigation settlement, asset impairment, other operating expenses and other income (expense).

## Net Revenue

When the Company communicates results externally, it disaggregates net revenue into major product lines and primary geographical markets, which is based on the billing address of the customer. The disaggregation of net revenue by major product lines is based on the type of service provided and also aligns with the timing of revenue recognition for each. To reflect the Company's strategic focus on creating differentiated experiences for its Services categories and Restaurants, Retail & Other categories, the Company further disaggregates advertising revenue to reflect these two high-level category groupings. The Services categories consist of the following businesses: home, local, auto, professional, pets, events, real estate and financial services. The Restaurants, Retail & Other categories consist of the following businesses: restaurants, shopping, beauty & fitness, health and other.

The following table presents the Company's net revenue by major product line (and by category for advertising revenue) for the periods presented (in thousands):

|                                  | Three Months Ended<br>March 31, |                   |
|----------------------------------|---------------------------------|-------------------|
|                                  | 2025                            | 2024              |
| Net revenue by product:          |                                 |                   |
| Advertising revenue by category: |                                 |                   |
| Services                         | \$ 231,576                      | \$ 203,288        |
| Restaurants, Retail & Other      | 110,425                         | 114,350           |
| Advertising                      | 342,001                         | 317,638           |
| Other                            | 16,533                          | 15,114            |
| Total net revenue                | <u>\$ 358,534</u>               | <u>\$ 332,752</u> |

During the three months ended March 31, 2025 and 2024, no individual customer accounted for 10% or more of consolidated net revenue.

The following table presents the Company's net revenue by major geographic region for the periods presented (in thousands):

|                     | Three Months Ended<br>March 31, |                   |
|---------------------|---------------------------------|-------------------|
|                     | 2025                            | 2024              |
| United States       | \$ 356,164                      | \$ 330,136        |
| All other countries | 2,370                           | 2,616             |
| Total net revenue   | <u>\$ 358,534</u>               | <u>\$ 332,752</u> |

## Long-Lived Assets

The following table presents the Company's long-lived assets by major geographic region as of March 31, 2025 and December 31, 2024 (in thousands):

|                         | March 31,<br>2025 | December 31,<br>2024 |
|-------------------------|-------------------|----------------------|
| United States           | \$ 75,584         | \$ 71,641            |
| All other countries     | 3,654             | 4,028                |
| Total long-lived assets | <u>\$ 79,238</u>  | <u>\$ 75,669</u>     |

## 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 our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs, and involve risks and uncertainties. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those discussed in the section titled "Risk Factors" included under Part I, Item 1A in our Annual Report. See "[Special Note Regarding Forward-Looking Statements](#)" in this Quarterly Report.*

### Overview

As one of the best known Internet brands in the United States, Yelp is a trusted local resource for consumers and a partner in success for businesses of all sizes. Consumers trust us for the more than 280 million ratings and reviews available on our platform of businesses across a broad range of categories, while businesses advertise with us to reach our large audience of purchase-oriented and generally affluent consumers. We believe our ability to provide value to both consumers and businesses not only fulfills our mission to connect consumers with great local businesses, but also positions us well in the local, digital advertising market in the United States.

We generate substantially all of our revenue from the sale of performance-based advertising products, which our advertising platform matches to individual consumers through auctions priced on a CPC basis. In the three months ended March 31, 2025, our net revenue was \$358.5 million, up 8% from the three months ended March 31, 2024, and we recorded net income of \$24.4 million and adjusted EBITDA of \$84.9 million. For information on how we define and calculate adjusted EBITDA, and a reconciliation of this non-GAAP financial measure to net income, see "[Non-GAAP Financial Measures](#)" below.

In the first quarter of 2025, our strategic investments in product and marketing continued to drive progress on our revenue growth initiatives:

- *Lead in Services.* Advertising revenue from Services businesses increased by 14% year over year in the first quarter, driven by growth in both the Home Services category and the Auto Services category, which now includes revenue generated by RepairPal. Excluding RepairPal revenue, year-over-year growth in Services revenue for the first quarter was approximately flat with the fourth quarter of 2024. Consumer demand for Services categories was strong as Request-a-Quote projects increased approximately 10% year over year, driven by improvements to the Request-a-Quote flow and our AI chatbot, Yelp Assistant, even as our spend on acquiring projects through paid search was significantly lower than in the prior-year period. We enhanced Yelp Assistant by incorporating AI-powered photo recognition, which evaluates photos uploaded by consumers to help identify and better understand their project needs. We also launched response quality badges on iOS, which leverage large language models ("LLMs") to evaluate response quality and spotlight service professionals who consistently provide helpful, informative replies to project requests.
- *Drive advertiser value.* In the first quarter, we introduced several improvements to our matching algorithms and experimented with new themed ad formats. While ad clicks declined by 3% year over year — primarily due to macroeconomic pressures in the RR&O categories and, to a lesser extent, reduced spend on acquiring Services projects through paid search in the current-year period — strong advertiser demand in Services contributed to a 9% year-over-year increase in average CPC. We also continued to enhance the business owner experience in the first quarter, including by providing budget recommendations, billing optimizations and competitive insights in the business owner dashboard. Together with investments in performance marketing, these enhancements drove record quarterly customer acquisitions in our Self-serve channel.
- *Transform the consumer experience.* We continued to invest in the consumer experience in the first quarter. User experience improvements to our desktop and mobile web sites together led to an incremental increase in business page views following rollout, while interface optimizations to our iOS business pages led to an increase in connections between consumers and businesses following implementation. Additionally, we began experimenting with expanding AI-powered business summaries to millions of additional businesses, including by leveraging LLMs to generate helpful descriptions of businesses that do not have enough reviews to inform a summary by parsing their websites and other unique details from their Yelp pages.

In the first quarter, Services revenue maintained double-digit year-over-year growth, while the year-over-year decrease in RR&O revenue reflected the ongoing operating challenges facing businesses in these categories. We expect Services to continue to drive our business performance while RR&O remains challenged during the remainder of 2025. We expect both net revenue and adjusted EBITDA to increase sequentially in the second quarter. We also expect expenses to increase modestly for the remainder of 2025, primarily driven by cost of revenue.

## Key Metrics

We regularly review a number of metrics, including the key metrics set forth below, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions.

### *Ad Clicks and Average CPC*

The amount of revenue we generate from our pay-for-performance advertising products is determined by the number of ad clicks we deliver to advertisers and the CPCs we charge for those ad clicks.

*Ad clicks* represent user interactions with our pay-for-performance advertising products, including clicks on advertisements on our website and mobile app, clicks on syndicated advertisements on third-party platforms and Request-a-Quote submissions, among others. Ad clicks include only user interactions that we are able to track directly, and therefore do not include user interactions with ads sold through our advertising partnerships. We do not expect the exclusion of such user interactions to materially affect this metric. We report the year-over-year percentage change in ad clicks as a measure of our success in monetizing more of our consumer activity and delivering more value to advertisers.

*Average CPC* is calculated as revenue from our performance-based ad products — excluding certain revenue adjustments that do not impact the outcome of an auction for an individual ad click, such as refunds, as well as revenue from our advertising partnerships — divided by the total number of ad clicks for a given period. Average CPC represents the average amount we charge advertisers for each ad click.

We believe that ad clicks and average CPC together reflect one of the most significant dynamics affecting our advertising revenue performance: the interplay of advertiser demand and consumer activity. At the level of an auction for an individual ad click, advertiser demand — consisting of advertiser budgets and the number of advertisers competing to purchase the ad click — intersects with the supply of consumer activity — consisting of the predicted levels of relevant consumer traffic and engagement — to determine CPC, with higher advertiser demand putting upward pressure on the CPC and higher consumer activity putting downward pressure on the CPC. In aggregate, advertiser demand consists of the number of business locations advertising with us (which we refer to as paying advertising locations, as discussed below) and the aggregate budget they allocate to purchasing our advertising products. Aggregate monetizable consumer activity depends on the levels of consumer traffic and engagement with our ads, the numbers of locations where we can display ads and other monetizable features, and our click-through rate, which is the ratio of ad clicks to the number of times the ads were displayed to consumers. The relative strengths of these factors in aggregate are reflected in average CPC.

Ad clicks and average CPC also provide important insight into the value we deliver to advertisers, which we believe is a significant factor in our ability to retain both revenue and customers. For example, a positive change in ad clicks for a given period combined with lower growth or a negative change in average CPC over the same period would indicate that we delivered more ad clicks at lower prices, thereby delivering more value to our advertisers; we would expect this to have a positive impact on retention. Conversely, growth in average CPC paired with a negative or lower growth rate in ad clicks would indicate we charged more without delivering more ad clicks; we would expect this to have a negative impact on retention unless we are able to increase the value we deliver through higher performing ad clicks.

The following table presents year-over-year changes in our ad clicks and average CPC for the periods presented (each expressed as a percentage):

|             | Three Months Ended<br>March 31, |      |
|-------------|---------------------------------|------|
|             | 2025                            | 2024 |
| Ad Clicks   | (3)%                            | 8%   |
| Average CPC | 9%                              | (1)% |

In the three months ended March 31, 2025, advertising revenue grew 8% year over year, primarily due to an increase in revenue from the sale of Yelp advertising products, driven by a 9% increase in average CPC, partially offset by a 3% decrease in ad clicks. Average CPC increased in the three months ended March 31, 2025 due to strong advertiser demand in Services categories, as reflected in the increases in Services paying advertising locations and average revenue per Services location.<sup>1</sup> The decrease in ad clicks was primarily driven by macroeconomic pressures in RR&O categories and, to a lesser extent, reduced spend on paid search in the current-year period.

<sup>1</sup> Defined as Services advertising revenue divided by Services paying advertising locations.

### Advertising Revenue by Category

Our advertising revenue comprises revenue from the sale of our advertising products, including the resale of our advertising products by partners and syndicated ads appearing on third-party platforms.

To reflect our strategic focus on creating two differentiated experiences on Yelp, we provide a breakdown of our advertising revenue attributable to businesses in two high-level category groupings: Services and RR&O. Our Services categories consist of home, local, auto, professional, pets, events, real estate and financial services. Our RR&O categories consist of restaurants, shopping, beauty & fitness, health and other.

The following table presents our advertising revenue by category for the periods presented (in thousands, except percentages):

|                             | Three Months Ended<br>March 31, |                   | % Change |
|-----------------------------|---------------------------------|-------------------|----------|
|                             | 2025                            | 2024              |          |
| Services                    | \$ 231,576                      | \$ 203,288        | 14%      |
| Restaurants, Retail & Other | 110,425                         | 114,350           | (3)%     |
| Total Advertising Revenue   | <u>\$ 342,001</u>               | <u>\$ 317,638</u> | 8%       |

### Paying Advertising Locations

Paying advertising locations comprise all business locations associated with a business account from which we recognized advertising revenue in a given month, excluding business accounts that purchased advertising through partner programs other than Yelp Ads Certified Partners, averaged over a given period. We also provide a breakdown of paying advertising locations between our Services categories and RR&O categories.

As of the quarter ended March 31, 2025, Services paying advertising locations include business locations from which RepairPal recognized revenue. While the addition of these locations did not have a material impact on the overall number of paying advertising locations, it contributed approximately one third of the year-over-year increase in Services paying advertising locations in the first quarter shown in the table below.

We provide our paying advertising locations as a measure of the reach and scale of our business; however, this metric may exhibit short-term volatility as a result of factors such as seasonality and macroeconomic conditions. For example, macroeconomic factors, including related to inflation, interest rates, and labor and supply chain issues, have had a predominant negative impact on RR&O paying advertising locations in recent periods. Short-term fluctuations in paying advertising locations may also reflect the acquisition or loss of single advertising accounts associated with large numbers of locations, or the pausing/restarting of advertising campaigns by such multi-location advertisers.

The following table presents the number of paying advertising locations for the periods presented (in thousands, except percentages):

|                                    | Three Months Ended<br>March 31, |            | % Change |
|------------------------------------|---------------------------------|------------|----------|
|                                    | 2025                            | 2024       |          |
| Services                           | 261                             | 252        | 3%       |
| Restaurants, Retail & Other        | 256                             | 278        | (8)%     |
| Total Paying Advertising Locations | <u>517</u>                      | <u>530</u> | (3)%     |

Paying advertising locations decreased in the three months ended March 31, 2025 compared to the prior-year period as the decrease in paying advertising locations in the RR&O categories offset growth in Services paying advertising locations. We believe the decrease in RR&O paying advertising locations reflects the challenging operating environment facing businesses in these categories and, to a lesser extent, competition for ad spend from such businesses, including from food ordering and delivery providers.

## Results of Operations

The following table sets forth our results of operations for the periods presented (in thousands, except percentages). The period-to-period comparison of financial results is not necessarily indicative of the results of operations to be anticipated for the full year 2025 or any future period.

|   | Three Months Ended<br>March 31, |            |           |                         |
|---|---------------------------------|------------|-----------|-------------------------|
|   | 2025                            | 2024       | \$ Change | % Change <sup>(1)</sup> |
| Condensed Consolidated Statements of Operations Data:                               |                                 |            |           |                         |
| Net revenue by product:   |                                 |            |           |                         |
| Advertising revenue by category:  |                                 |            |           |                         |
| Services  | \$ 231,576                      | \$ 203,288 | \$ 28,288 | 14 %                    |
| Restaurants, Retail & Other   | 110,425                         | 114,350    | (3,925)   | (3)%                    |
| Advertising   | 342,001                         | 317,638    | 24,363    | 8 %                     |
| Other   | 16,533                          | 15,114     | 1,419     | 9 %                     |
| Total net revenue   | 358,534                         | 332,752    | 25,782    | 8 %                     |
| Costs and expenses:   |                                 |            |           |                         |
| Cost of revenue (exclusive of depreciation and amortization shown separately below) | 34,828                          | 27,355     | 7,473     | 27 %                    |
| Sales and marketing   | 146,284                         | 147,791    | (1,507)   | (1)%                    |
| Product development   | 83,905                          | 91,227     | (7,322)   | (8)%                    |
| General and administrative  | 51,707                          | 45,232     | 6,475     | 14 %                    |
| Depreciation and amortization   | 12,350                          | 9,930      | 2,420     | 24 %                    |
| Total costs and expenses  | 329,074                         | 321,535    | 7,539     | 2 %                     |
| Income from operations  | 29,460                          | 11,217     | 18,243    | 163 %                   |
| Other income, net   | 5,771                           | 7,724      | (1,953)   | (25)%                   |
| Income before income taxes  | 35,231                          | 18,941     | 16,290    | 86 %                    |
| Provision for income taxes  | 10,840                          | 4,787      | 6,053     | 126 %                   |
| Net income attributable to common stockholders                                      | \$ 24,391                       | \$ 14,154  | \$ 10,237 | 72 %                    |

<sup>(1)</sup> Percentage changes are calculated based on rounded numbers and may not recalculate exactly due to rounding.

### Three Months Ended March 31, 2025 and 2024

#### Net Revenue

**Advertising.** We generate advertising revenue from the sale of our advertising products — including business page upgrades and performance-based advertising in search results and elsewhere on our platform — to businesses of all sizes, from single-location local businesses to multi-location national businesses (“Yelp Ads”). Advertising revenue also includes revenue generated from the resale of our advertising products by certain partners and monetization of advertising inventory through third-party ad networks, as well as revenue from the RepairPal Network. We present advertising revenue on a disaggregated basis for our high-level category groupings, Services and RR&O.

Advertising revenue for the three months ended March 31, 2025 increased 8% year over year primarily as a result of an increase in revenue from Yelp Ads and, to a lesser extent, the addition of revenue from the RepairPal Network, which contributed approximately one third of the growth. The increase in Yelp Ads revenue was primarily due to a 9% increase in average CPC, partially offset by a 3% decrease in ad clicks.

**Other.** We generate other revenue through non-advertising contracts, such as our subscription services, which include our Yelp Guest Manager product, and through our Yelp Fusion and Yelp Fusion Insights programs, which provide Yelp content and data for a fee. Other revenue also includes revenue from various transactions with consumers. We generate revenue from such transactions through our partnership integrations, which are mainly revenue-sharing arrangements that provide consumers with the ability to place food orders for pickup and delivery through third parties directly on Yelp. We earn a fee for acting as an agent for transactions placed through these integrations, which we record on a net basis and include in revenue upon completion of a transaction.

Other revenue for the three months ended March 31, 2025 increased 9% compared to the prior-year period primarily due to an increase in revenue from the continued growth of our Yelp Guest Manager, Yelp Fusion Insights and Yelp Fusion programs. This increase was partially offset by a lower volume of food takeout and delivery orders.

*Trends and Uncertainties of Net Revenue.* Net revenue decreased slightly in the three months ended March 31, 2025 compared to the three months ended December 31, 2024, in line with historical seasonal trends and reflecting ongoing operating challenges for businesses in our RR&O categories. Despite ongoing macroeconomic challenges, we expect our strategic initiatives to drive continued business momentum and anticipate net revenue will increase sequentially in the three months ending June 30, 2025.

### **Costs and Expenses**

*Cost of Revenue (exclusive of depreciation and amortization).* Our cost of revenue consists primarily of website infrastructure expense, which includes website hosting costs and employee costs (including stock-based compensation expense) for the infrastructure teams responsible for operating our website and mobile app, and excludes depreciation and amortization expense. Cost of revenue also includes third-party advertising fulfillment costs, credit card processing fees and revenue share payments, which primarily consist of payments to RepairPal referral partners.

Cost of revenue for the three months ended March 31, 2025 increased compared to the prior-year period, primarily due to:

- an increase in advertising fulfillment costs of \$2.5 million, largely attributable to the expansion of Yelp Audiences and expanded efforts to syndicate advertising budgets on third-party sites;
- an increase in website infrastructure expense of \$2.2 million, primarily as a result of investments in maintaining and improving our infrastructure; and
- an increase in revenue share payments of \$1.3 million due to our acquisition of RepairPal.

We expect cost of revenue to increase on an absolute dollar basis in 2025 compared to 2024.

*Sales and Marketing.* Our sales and marketing expenses primarily consist of employee costs (including sales commission and stock-based compensation expenses) for our sales and marketing employees. Sales and marketing expenses also include business and consumer acquisition marketing, community management, as well as allocated workplace and other supporting overhead costs.

Sales and marketing expenses for the three months ended March 31, 2025 decreased compared to the prior-year period, primarily due to a decrease in marketing and advertising costs of \$4.8 million, mainly driven by decreased investments in acquiring Services projects through paid search, partially offset by an increase in costs for business owner marketing.

This decrease was partially offset by an increase in sales and marketing employee costs of \$3.7 million, primarily resulting from higher average headcount.

We expect sales and marketing expenses to increase in 2025 compared to 2024 as our sales and marketing employees become more tenured as well as due to the additional headcount from the acquisition of RepairPal. However, we expect sales and marketing expenses to decrease as a percentage of net revenue as we realize efficiencies from our sales and marketing initiatives.

*Product Development.* Our product development expenses primarily consist of employee costs (including bonuses and stock-based compensation expense, net of capitalized employee costs associated with capitalized website and internal-use software development) for our engineers, product management and corporate infrastructure employees. In addition, product development expenses include allocated workplace and other supporting overhead costs.

Product development expenses for the three months ended March 31, 2025 decreased compared to the prior-year period, primarily due to a decrease in product development employee costs of \$7.3 million, resulting from lower average headcount and more employee costs being capitalized.

We expect product development expenses to remain relatively consistent on an absolute dollar basis in 2025 compared to 2024, but decrease as a percentage of net revenue as our distributed operations provide leverage.

*General and Administrative.* Our general and administrative expenses primarily consist of employee costs (including bonuses and stock-based compensation expense) for our executive, finance, user operations, legal, people operations and other administrative employees. Our general and administrative expenses also include our provision for credit losses, certain consulting and professional services costs, including litigation settlements, as well as allocated workplace and other supporting overhead costs.

General and administrative expenses for the three months ended March 31, 2025 increased compared to the prior-year period, primarily due to:

- expenses in connection with an indemnification obligation assumed in the RepairPal acquisition of \$5.1 million; and
- an increase in general and administrative employee costs of \$1.8 million primarily driven by higher cost of labor.

These increases were partially offset by a decrease in our provision for credit losses of \$1.1 million primarily due to the release of a higher amount of bad debt reserves compared to the prior-year period.

We expect general and administrative expenses to increase on an absolute dollar basis in 2025 compared to 2024 to support our business, but remain relatively consistent as a percentage of net revenue.

*Depreciation and Amortization.* Depreciation and amortization expense primarily consists of depreciation on computer equipment, software, leasehold improvements, capitalized website and internal-use software development costs, and amortization of purchased intangible assets.

Amortization expense for the three months ended March 31, 2025 increased by \$2.1 million from the prior-year period, mainly as a result of intangible assets acquired in the RepairPal acquisition. See [Note 7, “Acquisition,”](#) of the Notes to Condensed Consolidated Financial Statements included under Part I, Item 1 in this Quarterly Report for further details.

#### ***Other Income, Net***

Other income, net consists primarily of the interest income earned on our cash, cash equivalents and marketable securities, research and development tax credits, the portion of our sublease income in excess of our lease cost, accretion of discounts and amortization of premiums on investments, credit facility fees, and foreign exchange gains and losses.

Other income, net for the three months ended March 31, 2025 decreased compared to the prior-year period primarily due to a \$1.8 million decrease in interest income as a result of lower cash, cash equivalents and marketable securities balances and lower federal interest rates.

#### ***Provision for Income Taxes***

Provision for income taxes consists of: federal and state income taxes in the United States and income taxes in certain foreign jurisdictions; deferred income taxes reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Provision for income taxes for the three months ended March 31, 2025 increased from the prior-year period primarily due to an increase in profit before tax in the current-year period as well as an increase in the discrete tax expense primarily related to stock-based compensation.

As of December 31, 2024, we had approximately \$139.6 million in net deferred tax assets (“DTAs”). As of March 31, 2025, we consider it more likely than not that we will have sufficient taxable income in the future that will allow us to realize these DTAs. However, it is possible that some or all of these DTAs will not be realized. Therefore, unless we are able to generate sufficient taxable income from our operations, a substantial valuation allowance may be required to reduce our DTAs, which would materially increase our expenses in the period in which we recognize the allowance and have a materially adverse impact on our condensed consolidated financial statements. The exact timing and amount of the valuation allowance recognition are subject to change on the basis of the net income that we are able to actually achieve. We will continue to evaluate the possible recognition of a valuation allowance on a quarterly basis.

#### ***Non-GAAP Financial Measures***

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). However, we have also disclosed below adjusted EBITDA, adjusted EBITDA margin and free cash flow, each of which is a non-GAAP financial measure.

Adjusted EBITDA and free cash flow have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. In particular, adjusted EBITDA and free cash flow should not be viewed as substitutes for, or superior to, net income (loss) or net cash provided by (used in) operating activities prepared in accordance with GAAP as measures of profitability or liquidity. Some of these limitations are:

- 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 all cash capital expenditure requirements for such replacements or for new capital expenditure requirements;



- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not reflect the impact of the recording or release of valuation allowances or tax payments that may represent a reduction in cash available to us;
- adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;
- adjusted EBITDA does not take into account certain income and expense items, such as expenses related to acquired indemnification obligations, acquisition and integration costs, and fees related to shareholder activism, or other costs that management determines are not indicative of ongoing operating performance;
- free cash flow does not represent the total residual cash flow available for discretionary purposes because it does not reflect our contractual commitments or obligations; and
- other companies, including those in our industry, may calculate adjusted EBITDA and free cash flow differently, which reduces their usefulness as comparative measures.

Because of these limitations, you should consider adjusted EBITDA, adjusted EBITDA margin and free cash flow alongside other financial performance measures, including net income (loss), net cash provided by (used in) operating activities and our other GAAP results.

**Adjusted EBITDA.** Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income (loss), adjusted to exclude: provision for (benefit from) income taxes; other income, net; depreciation and amortization; stock-based compensation expense; and, in certain periods, certain other income and expense items, such as expenses related to acquired indemnification obligations, acquisition and integration costs, and fees related to shareholder activism, and other items that we deem not to be indicative of our ongoing operating performance.

**Adjusted EBITDA margin.** Adjusted EBITDA margin is a non-GAAP financial measure that we calculate as adjusted EBITDA divided by net revenue.

The following is a reconciliation of net income to adjusted EBITDA, as well as the calculation of net income margin and adjusted EBITDA margin, for the periods presented (in thousands, except percentages):

|   | Three Months Ended<br>March 31, |                  |
|---|---------------------------------|------------------|
|   | 2025                            | 2024             |
| <b>Reconciliation of Net Income to Adjusted EBITDA:</b>                   |                                 |                  |
| Net income  | \$ 24,391                       | \$ 14,154        |
| Provision for income taxes  | 10,840                          | 4,787            |
| Other income, net   | (5,771)                         | (7,724)          |
| Depreciation and amortization   | 12,350                          | 9,930            |
| Stock-based compensation  | 37,469                          | 42,710           |
| Expenses related to acquired indemnification obligation <sup>(1)(2)</sup> | 5,126                           | —                |
| Acquisition and integration costs <sup>(1)</sup>                          | 539                             | —                |
| Fees related to shareholder activism <sup>(1)</sup>                       | —                               | 599              |
| Adjusted EBITDA   | <u>\$ 84,944</u>                | <u>\$ 64,456</u> |
| Net revenue   | \$ 358,534                      | \$ 332,752       |
| Net income margin   | 7 %                             | 4 %              |
| Adjusted EBITDA margin  | 24 %                            | 19 %             |

<sup>(1)</sup> Recorded within general and administrative expenses on our condensed consolidated statements of operations.

<sup>(2)</sup> Represents expenses recorded in connection with an indemnification obligation assumed in the RepairPal acquisition, which we do not consider to be part of our ongoing operations. We expect to be indemnified for such expenses in future periods and will also exclude any such amounts from adjusted EBITDA.

**Free Cash Flow.** Free cash flow is a non-GAAP financial measure that we calculate as net cash provided by (used in) operating activities, less cash used for purchases of property, equipment and software.

The following is a reconciliation of net cash provided by operating activities to free cash flow for the periods presented (in thousands):

|   | Three Months Ended<br>March 31, |                  |
|---|---------------------------------|------------------|
|   | 2025                            | 2024             |
| <b>Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow:</b> |                                 |                  |
| Net cash provided by operating activities   | \$ 97,995                       | \$ 72,855        |
| Purchases of property, equipment and software   | (10,531)                        | (6,987)          |
| Free cash flow  | <u>\$ 87,464</u>                | <u>\$ 65,868</u> |
| Net cash used in investing activities   | \$ (12,003)                     | \$ (6,402)       |
| Net cash used in financing activities   | \$ (81,713)                     | \$ (83,834)      |

## Liquidity and Capital Resources

### Sources of Liquidity

Our principal sources of liquidity are our cash and cash equivalents, marketable securities and cash generated from operations. As of March 31, 2025, we had cash and cash equivalents of \$222.0 million and marketable securities of \$102.4 million. Cash and cash equivalents consist of cash, money market funds and investments with original maturities of three months or less. Our cash held internationally as of March 31, 2025 was \$35.6 million. As of March 31, 2025, we also had \$10.0 million of investments in certificates of deposit with minority depository financial institutions.

Our investment portfolio comprises highly rated marketable securities that are classified as available-for-sale on our condensed consolidated balance sheets, and our investment policy limits the amount of credit exposure to any one issuer. The policy generally requires securities to be investment grade (i.e., rated 'A' or higher by bond rating firms) with the objective of minimizing the potential risk of principal loss.

On April 28, 2023, we entered into a Revolving Credit and Guaranty Agreement with the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, which provides for a five-year \$125.0 million senior secured revolving credit facility (the "credit facility"). The credit facility includes a \$25.0 million letter of credit sub-limit, a \$25.0 million bilateral letter of credit facility and an accordion option, which, if exercised, would allow us to increase the aggregate commitments by up to \$250.0 million, plus additional amounts if we are able to satisfy a leverage test, subject to certain conditions. The credit facility provides us with the ability to access backup liquidity to fund working capital and for other capital requirements, as needed.

As of March 31, 2025, we were in compliance with all covenants and there were no loans outstanding under the credit facility. We had \$14.0 million of letters of credit under the sub-limit primarily related to lease agreements for certain office locations, which are required to be maintained and issued to the landlords of each facility, and \$111.0 million remained available under the credit facility as of March 31, 2025.

For additional details regarding the credit facility, see [Note 13, "Commitments and Contingencies,"](#) of the Notes to Condensed Consolidated Financial Statements included under Part I, Item 1 in this Quarterly Report.

## Material Cash Requirements

Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth under “Risk Factors” included under Part I, Item 1A in our Annual Report. We believe that our existing cash, cash equivalents and marketable securities, together with any cash generated from operations, will be sufficient to meet our material cash requirements in the next 12 months and beyond, including: working capital requirements; our anticipated repurchases of common stock pursuant to our stock repurchase program; payment of taxes related to the net share settlement of equity awards; payment of lease costs related to our operating leases; the potential payment of a higher amount of income taxes in 2025 and beyond due to, among other things, the requirement to capitalize and amortize certain research and development expenses under the U.S. Tax Cuts and Jobs Act; purchases of property, equipment and software and website hosting services. However, this estimate is based on a number of assumptions that may prove to be materially different and we could fully utilize our available cash, cash equivalents and marketable securities earlier than presently anticipated. We are not able to reasonably estimate the timing of future cash flows related to \$45.0 million of uncertain tax positions. We may be required to draw down funds from our revolving credit facility or seek additional funds through equity or debt financings to respond to business challenges associated with the uncertain macroeconomic environment or other challenges, including the need to develop new features and products or enhance existing services, improve our operating infrastructure or acquire complementary businesses and technologies.

We lease office facilities under operating lease agreements that expire from 2025 to 2031. Our cash requirements related to these lease agreements, including for the new office space in London, which was signed in March 2025 and commenced in May 2025, are \$38.3 million, of which \$14.9 million is expected to be paid within the next 12 months. The total lease obligations are partially offset by our future minimum rental receipts to be received under non-cancelable subleases of \$22.0 million. See Note 9, “Leases,” of the Notes to Condensed Consolidated Financial Statements included under Part I, Item 1 in this Quarterly Report for further detail on our operating lease obligations.

Our cash requirements related to purchase obligations consisting of non-cancelable agreements to purchase goods and services required in the ordinary course of business — primarily website hosting services — are approximately \$167.5 million, of which approximately \$78.1 million is expected to be paid within the next 12 months.

The cost of capital associated with any additional funds sought in the future might be adversely impacted by the effects of macroeconomic conditions on our business. Additionally, amounts deposited with third-party financial institutions exceed the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insurance limits, as applicable. These cash and cash equivalents could be impacted if the underlying financial institutions fail or are subjected to other adverse conditions in the financial markets. To date, we have experienced no loss or lack of access to our cash and cash equivalents; however, we can provide no assurances that access to our invested cash, cash equivalents and marketable securities will not be impacted by adverse conditions in the financial markets.

## Cash Flows

The following table summarizes our cash flows for the periods presented (in thousands):

|   | Three Months Ended<br>March 31, |             |
|---|---------------------------------|-------------|
|   | 2025                            | 2024        |
| Net cash provided by operating activities | \$ 97,995                       | \$ 72,855   |
| Net cash used in investing activities     | \$ (12,003)                     | \$ (6,402)  |
| Net cash used in financing activities     | \$ (81,713)                     | \$ (83,834) |

*Operating Activities.* Net cash provided by operating activities during the three months ended March 31, 2025 increased by \$25.1 million compared to the prior-year period, primarily as a result of an increase of 24.1 million in cash collected from customers mainly due to the increase in revenue.

*Investing Activities.* Net cash used in investing activities during the three months ended March 31, 2025 increased compared to the prior-year period primarily due to net purchases of marketable securities during the three months ended March 31, 2025 compared to net sales and maturities of marketable securities in the prior-year period and an increase in capitalized website and internal-use software development costs.

*Financing Activities.* Net cash used in financing activities during the three months ended March 31, 2025 decreased compared to the prior-year period primarily due to a decrease in taxes paid related to the net share settlement of equity awards.

### **Stock Repurchase Program**

Since its initial authorization in July 2017, our board of directors (the “Board”) has authorized us to repurchase up to an aggregate of \$1.95 billion of our outstanding common stock, \$238.7 million of which remained available as of May 2, 2025.

We may repurchase shares at our discretion in the open market, privately negotiated transactions, in transactions structured through investment banking institutions or a combination of the foregoing. The program is not subject to any time limit and may be modified, suspended or discontinued at any time. The amount and timing of repurchases are subject to a variety of factors, including liquidity, cash flow and market conditions.

During the three months ended March 31, 2025, we repurchased on the open market 1,688,858 shares for an aggregate purchase price of \$62.5 million.

We have funded all repurchases to date and currently expect to fund any future repurchases with cash and cash equivalents available on our condensed consolidated balance sheet.

### **Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates and assumptions are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from those estimates. Due to macroeconomic conditions and other factors, certain estimates and assumptions have required and may continue to require increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, these estimates may materially change in future periods.

We believe that the assumptions and estimates associated with revenue recognition, website and internal-use software development costs, business combinations and income taxes have the greatest potential impact on our condensed consolidated financial statements. There have been no material changes to our critical accounting policies and estimates from those disclosed in our Annual Report.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of business. These risks primarily include interest rate, foreign exchange risks and inflation, and have not changed materially from the market risks we were exposed to in the year ended December 31, 2024.

### **ITEM 4. CONTROLS AND PROCEDURES**

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

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, 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.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2025. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2025, 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 three months ended March 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### **Inherent Limitations on Effectiveness of Controls**

Our management, including our Chief Executive Officer and our Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by the collusion of two or more people or by management override of controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings in which we are involved, see “Legal Proceedings” in [Note 13, “Commitments and Contingencies,”](#) of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report, which is incorporated herein by reference. We are also subject to legal proceedings arising in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently do not believe that the final outcome of any of these other matters will have a material effect on our business, financial position, results of operations or cash flows.

### ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors set forth in the section titled “*Risk Factors*” included under Part I, Item 1A of our Annual Report, which describes various risks and uncertainties that could adversely affect our business, financial condition, results of operations, cash flows and the trading price of our common stock. You should carefully consider the risks and uncertainties described in the Annual Report before making an investment decision.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### Issuer Purchases of Equity Securities

The following table summarizes our stock repurchase activity for the three months ended March 31, 2025 (in thousands, except for price per share):

| Period                         | Total Number of Shares Purchased <sup>(1)</sup> | Average Price Paid per Share <sup>(2)</sup> | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program |
|--------------------------------|---|---|--|---|
| January 1 - January 31, 2025   | 638   | \$ 39.66                                    | 638  | \$ 305,463  |
| February 1 - February 28, 2025 | 114   | \$ 35.44                                    | 114  | \$ 301,431  |
| March 1 - March 31, 2025       | 937   | \$ 35.39                                    | 937  | \$ 268,259  |

(1) Since the initial authorization of our Stock Repurchase Program in July 2017, our Board authorized us to repurchase up to an aggregate of \$1.95 billion of our outstanding common stock, of which \$238.7 million remained available as of May 2, 2025. The actual timing and amount of repurchases depend on a variety of factors, including liquidity, cash flow and market conditions. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Stock Repurchase Program*” included under Part I, Item 2 in this Quarterly Report.

(2) Average price paid per share includes costs associated with the repurchases but excludes the 1% excise tax accrued on our share repurchases, net of shares issued, as a result of the Inflation Reduction Act of 2022.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

#### Rule 10b5-1 Trading Plans

On February 20, 2025, Sam Eaton, our Chief Technology Officer, entered into a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The plan provides for the sale of an aggregate of up to approximately 63,116 shares of our common stock that may vest during the plan period, net of any shares we withhold to satisfy income tax withholding and remittance obligations in connection with the net settlement of the equity awards, the amount of which cannot currently be determined. The plan will terminate on the earlier of February 27, 2026 or when all shares subject to the plan have been sold, subject to early termination for certain specified events set forth in the plan.

On March 6, 2025, Dan Jedda, a member of our Board, entered into a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The plan provides for the sale of an aggregate of up to 4,258 shares of our common stock.

that may vest during the plan period. The plan will terminate on the earlier of March 6, 2026 or when all shares subject to the plan have been sold, subject to early termination for certain specified events set forth in the plan.

**ITEM 6. EXHIBITS.**

| Exhibit Number | Exhibit Description   | Incorporated by Reference |           |         |             | Filed Herewith |
|----------------|---|---------------------------|-----------|---------|-------------|----------------|
|                |   | Form                      | File No.  | Exhibit | Filing Date |                |
| 3.1            | Amended and Restated Certificate of Incorporation of Yelp Inc., as Amended.       | 8-K                       | 001-35444 | 3.1     | 7/8/2020    |                |
| 3.2            | Amended and Restated Bylaws of Yelp Inc.  | 8-K                       | 001-35444 | 3.1     | 3/15/2023   |                |
| 10.1*          | Summary of Non-Employee Director Compensation Arrangements as of January 1, 2025. |                           |           |         |             | X              |
| 31.1           | Certification pursuant to Rule 13a-14(a)/15d-14(a).                               |                           |           |         |             | X              |
| 31.2           | Certification pursuant to Rule 13a-14(a)/15d-14(a).                               |                           |           |         |             | X              |
| 32.1†          | Certifications of Chief Executive Officer and Chief Financial Officer.            |                           |           |         |             | X              |
| 101.INS        | Inline XBRL Instance Document (embedded within the Inline XBRL document).         |                           |           |         |             |                |
| 101.SCH        | Inline XBRL Taxonomy Extension Schema Document.                                   |                           |           |         |             | X              |
| 101.CAL        | Inline XBRL Taxonomy Extension Calculation Linkbase Document.                     |                           |           |         |             | X              |
| 101.DEF        | Inline XBRL Taxonomy Extension Definition Linkbase Document.                      |                           |           |         |             | X              |
| 101.LAB        | Inline XBRL Taxonomy Extension Labels Linkbase Document.                          |                           |           |         |             | X              |
| 101.PRE        | Inline XBRL Taxonomy Extension Presentation Linkbase Document.                    |                           |           |         |             | X              |
| 104            | Cover Page Interactive Data File (embedded within the Inline XBRL document).      |                           |           |         |             |                |

\* Indicates management contract or compensatory plan or arrangement.

† The certifications attached as Exhibit 32.1 accompany this Quarterly Report on Form 10-Q, are not deemed filed with the SEC and are not to be incorporated by reference into any filing of Yelp Inc. under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report, irrespective of any general incorporation language contained in such filing.



## 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.

Date: May 9, 2025

**YELP INC.**

/s/ David Schwarzbach

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David Schwarzbach

*Chief Financial Officer*

*(Principal Financial and Accounting Officer and Duly Authorized Signatory)*

**Yelp Inc.****Summary of Non-Employee Director Compensation Arrangements****January 1, 2025**

**Cash Compensation.** As of January 1, 2025, we provide the following cash compensation to non-employee directors for service on our Board of Directors (the “Board”) and Board committees, as applicable:

- \$47,500 per year for service as chairperson of the Board;
- \$45,000 per year for service as a member of the Board (in addition to the cash compensation for service as chairperson of the Board);
- \$20,000 per year for service as chairperson of the Audit Committee;
- \$10,000 per year for service as a member of the Audit Committee (other than as chairperson);
- \$15,300 per year for service as the chairperson of the Compensation Committee;
- \$5,000 per year for service as a member of the Compensation Committee (other than as chairperson);
- \$10,000 per year for service as a chairperson of the Nominating and Corporate Governance Committee of the Board; and
- \$3,900 per year for service as a member of the Nominating and Corporate Governance Committee of the Board (other than as chairperson).

Our non-employee directors may elect to receive any cash fees that they would otherwise be entitled to in the form of shares of common stock with an equivalent value, issued in the form of restricted stock unit (“RSU”) awards that vest quarterly over the applicable year of service. Such election must be made on an annual basis, typically no later January 1 of the year for which the election is being made.

**Equity Compensation.** New non-employee directors are entitled to receive an RSU award valued at \$325,000. Each such award vests over three years in equal annual installments.

Each non-employee director will also receive an annual RSU award valued at \$247,500. Each such award will vest on the earlier of (a) one year from the date of grant or (b) the next annual meeting of stockholders.

## CERTIFICATION

I, Jeremy Stoppelman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Yelp 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(s) 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(s) 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 9, 2025

/s/ Jeremy Stoppelman

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Jeremy Stoppelman  
Chief Executive Officer

## CERTIFICATION

I, David Schwarzbach, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Yelp 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(s) 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(s) 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 9, 2025

/s/ David Schwarzbach

David Schwarzbach  
*Chief Financial Officer*

## CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), Jeremy Stoppelman, Chief Executive Officer of Yelp Inc. (the “Company”), and David Schwarzbach, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2025, to which this Certification is attached as Exhibit 32.1 (the “Quarterly Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of the 9th day of May, 2025.

/s/ Jeremy Stoppelman

Jeremy Stoppelman

*Chief Executive Officer*

/s/ David Schwarzbach

David Schwarzbach

*Chief Financial Officer*

This certification accompanies the Quarterly Report on Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Yelp Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.