TrueCar, Inc.
Form 424B4
May 16, 2014

Use these links to rapidly review the document
TABLE OF CONTENTS
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

Filed Pursuant to Rule 424(b)(4)
Registration No. 333-195036

7,775,000 Shares

Common Stock

This is an initial public offering of shares of common stock of TrueCar, Inc.

Prior to this offering, there has been no public market for the common stock. The initial public offering price per share is $9.00. Our common stock has been approved for listing on The NASDAQ Global Select Market under the symbol "TRUE".

We are an "emerging growth company" under the federal securities laws and are therefore subject to reduced public company reporting requirements.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 15 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$ 9.00	$ 69,975,000
Underwriting discounts(1)	$ 0.63	$ 4,898,250
Proceeds, before expenses, to TrueCar	$ 8.37	$ 65,076,750

(1) See "Underwriting" for a description of the compensation payable to the underwriters.

To the extent that the underwriters sell more than 7,775,000 shares of common stock, the underwriters have the option to purchase up to an additional 1,166,250 shares from us at the initial public offering price less the underwriting discount.

Scott Painter, our Founder and Chief Executive Officer, has indicated an interest in purchasing up to an aggregate of approximately $1,500,000 of TrueCar's common stock in this offering at the initial public offering price. Because this indication of interest is not a binding agreement or commitment to purchase, Mr. Painter may elect not to purchase shares in this offering or the underwriters may elect not to sell any shares in this offering to Mr. Painter. The underwriters will receive the same discount from any shares of our common stock purchased by Mr. Painter as they will from any other shares of our common stock sold to the public in this offering.

The underwriters expect to deliver the shares against payment in New York, New York on May 21, 2014.

Goldman, Sachs & Co. **J.P. Morgan** **RBC Capital Markets**

Cowen and Company **JMP Securities**

Prospectus dated May 15, 2014.

Table of Contents

Table of Contents

Table of Contents

Table of Contents

TABLE OF CONTENTS

Through and including June 9, 2014 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Neither we nor the underwriters have authorized anyone to provide you with information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about, and to observe any restrictions relating to, this offering and the distribution of this prospectus.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights selected information appearing elsewhere in this prospectus and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. This summary may not contain all the information you should consider before investing in our common stock. You should carefully read this prospectus in its entirety before investing in our common stock, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus. Unless the context otherwise requires, we use the terms "TrueCar," the "Company," "we," "us" and "our" in this prospectus to refer to TrueCar, Inc. and, where appropriate, our consolidated subsidiaries.

Overview

Our mission is to transform the car-buying experience for consumers and the way that dealers attract customers and sell cars. We have established an intelligent, data-driven online platform operating on a common technology infrastructure, powered by proprietary data and analytics. We operate our company-branded platform on our TrueCar.com website. In addition, we customize and operate our platform for affinity group marketing partners, such as USAA and Consumer Reports, financial institutions, and other large enterprises such as Boeing and Verizon. We enable users to obtain market-based pricing data on new and used cars, and to connect with our network of TrueCar Certified Dealers.

We benefit consumers by providing information related to what others have paid for a make and model of car in their area and, where available, estimated prices for that make and model of car, which we refer to as upfront pricing information, from our network of TrueCar Certified Dealers. This upfront pricing information generally includes guaranteed savings off MSRP which the consumer may then take to the dealer in the form of a Guaranteed Savings Certificate and apply toward the purchase of the specified make and model of car. We benefit our network of TrueCar Certified Dealers by enabling them to attract these informed, in-market consumers in a cost-effective, accountable manner, which we believe helps them to sell more cars.

We are currently focused primarily on new car transactions. In the future, we intend to introduce additional products and services designed to improve the car-buying and car-ownership experience. For example, we are developing TrueTrade to provide users with an estimated daily market value for their existing cars and a guaranteed trade-in price. In addition, we are developing TrueLoan and TrueLease to provide users with a more convenient way to finance their cars at TrueCar Certified Dealers. We are also in the process of launching a number of new services for our dealers designed to enable them to make better informed inventory management and pricing decisions and to close transactions more efficiently.

Our network of over 7,700 TrueCar Certified Dealers consists primarily of new car franchises, representing all major makes of cars, as well as independent dealers. TrueCar Certified Dealers operate in all 50 states and the District of Columbia. We estimate that users of our platform purchasing cars from TrueCar Certified Dealers accounted for approximately 3.2% of all new car sales in the United States in the first quarter of 2014, excluding fleet car sales, an increase from 2.4% in 2013 and 1.5% in 2012. Since our founding in 2005, TrueCar users have purchased over 1.2 million cars from TrueCar Certified Dealers, including nearly 400,000 during 2013 and 126,000 in the three months ended March 31, 2014.

During 2013, we generated revenues of $134.0 million and recorded a net loss of $25.1 million. Of the $134.0 million in revenues, 89% consisted of transaction revenues with the remaining 11% derived primarily from the sale of data and consulting services to the automotive and financial services industries. During the three months ended March 31, 2014, we generated

Table of Contents

revenues of $43.9 million and recorded a net loss of $9.9 million. Of the $43.9 million in revenues, 91% consisted of transaction revenues with the remaining 9% derived primarily from the sale of data and consulting services to the automotive and financial services industries. Transaction revenues primarily consist of fees paid to us by our network of TrueCar Certified Dealers under our pay-for-performance business model where we generally earn a fee only when a TrueCar user purchases a car from them.

Industry Overview and Market Opportunity

The automotive sector is one of the largest segments of the U.S. economy. There were 15.5 million new cars sold in the United States in 2013 for a total retail value of nearly $500 billion, based on information published by the Bureau of Economic Analysis, or BEA, and the National Automobile Dealers Association, or NADA. In 2013, the largest automotive dealer group accounted for only 1.9% of new vehicle sales, and the top ten dealer groups accounted in the aggregate for only 8.2% of new vehicle sales, according to Automotive News.

Consumers face a number of complex issues when buying a car, including obtaining market pricing information with respect to the car they want to buy and negotiating a transaction. While consumers have a number of available information sources that provide pricing data, these alternatives generally do not have information on what others actually paid for a car. As a result, consumers still lack the market data and upfront pricing information that might shorten the negotiation with the dealer and lead to a successful transaction.

Automobile dealers operate in a highly competitive market in which access to consumers and informed vehicle pricing are essential to dealer profitability. Overall dealer profitability is closely tied to the volume of new car sales as those sales can lead to higher-margin offerings for the dealer such as trade-ins, financing, maintenance and service, and accessories. In addition, dealers can earn financial incentives and improved vehicle allocation from manufacturers based on their volume of new car sales. Automobile dealers are increasingly shifting from reliance on their physical location and offline media and turning to the Internet to attract consumers and broaden their reach. However, dealers must pay high marketing costs to attract customers and lack empirical data on pricing at the local level. As a result of these challenges, automobile dealers are looking for ways to attract informed, in-market consumers in a cost-effective and accountable manner and effectively price their vehicle inventory to achieve their sales goals.

Our Solution

We have established an intelligent, data-driven online platform operating on a common technology infrastructure, powered by proprietary data and analytics. We operate our company-branded platform via our TrueCar.com website. In addition, we customize and operate our platform for affinity group marketing partners, such as USAA and Consumer Reports, financial institutions, and other large enterprises such as Boeing and Verizon. We enable users to obtain market-based pricing data on new and used cars, and to connect with our network of TrueCar Certified Dealers. We believe the combination of transparent market data, upfront pricing information and guaranteed savings off MSRP benefits both consumers and dealers, resulting in more transactions by users of our platform.

Table of Contents

Why consumers choose TrueCar

We believe consumers choose TrueCar.com and our affinity group marketing partner websites to simplify the car-buying process and to achieve confidence in the price they receive for a car. Our platform provides the following benefits:

Upfront pricing information. We access a broad array of transaction data to provide consumers with relevant pricing information on every major make and model of new car sold in the U.S. We also generally provide consumers with an Estimated TrueCar Dealer Price based on data provided by TrueCar Certified Dealers in their area.

Quality of service of our network of TrueCar Certified Dealers. We strive to provide consumers with a superior car-buying experience through our network of TrueCar Certified Dealers. To become a TrueCar Certified Dealer, dealers must agree to adhere to certain conditions, including providing upfront pricing information and guaranteed savings off MSRP, where available.

Price Confidence. Our users generally receive up to three Guaranteed Savings Certificates, which provide a guaranteed savings off MSRP on the user's specified make and model of car. Our platform allows the user to compare relevant market data for their specified make and model of car with the guaranteed savings from MSRP identified in these certificates. For the year ended December 31, 2013, TrueCar users paid, on average, approximately $3,000 less than MSRP.

Why dealers use TrueCar

We believe dealers use TrueCar to attract informed, in-market consumers in a cost-effective and accountable manner, efficiently price their inventory and, ultimately, sell more cars.

Under our pay-for-performance business model, we generally earn a fee only when a consumer purchases a car, providing dealers with an accountable marketing channel. We typically charge TrueCar Certified Dealers $299 upon the sale of a new car to a TrueCar user. In 2013, the overall industry average advertising expense per new car across all forms of media was $616, according to NADA. By helping dealers better target their acquisition efforts to in-market consumers using our platform, we believe that dealers can improve their close rates, which results in other operating cost efficiencies such as savings on selling expenses and inventory carrying costs.

Why affinity groups partner with TrueCar

For many of our affinity group marketing partners, offering a car-buying service is a valuable benefit for their members, but it is not a service that they can provide easily themselves. Affinity groups partner with TrueCar to extend our platform to their members under their own brands. We generally provide members of these groups with access to the same benefits of our own TrueCar.com website with the added recognition of their affinity membership, and other benefits such as improved financing terms and manufacturer incentives. These affinity group marketing partners include USAA, Consumer Reports, AAA, American Express and PenFed.

The future of the TrueCar solution

In the future, we intend to introduce additional products and services to improve the car-buying and car-ownership experience. For example, we are developing TrueTrade to provide users with an estimated daily market value for their existing cars and a guaranteed trade-in price. In addition, we are developing TrueLoan and TrueLease to provide users with a more convenient way to finance their cars at TrueCar Certified Dealers. We are also in the process of launching a number of new services for our dealers designed to enable them to make better informed inventory management and pricing decisions and to close transactions more efficiently.

Table of Contents

Our Strengths

We believe that our platform offers a superior car-buying experience for our users and TrueCar Certified Dealers. Our strengths include:

Accountable business model operating at scale with powerful network effects

We operate a pay-for-performance business model that allows in-market car buyers to interact with our network of TrueCar Certified Dealers. In addition, our platform is adaptable on a state-by-state basis in response to the local regulatory environment. As the number of vehicles purchased by our users from our network of TrueCar Certified Dealers continues to grow, we believe the platform will become increasingly attractive to high-quality automobile dealers. In addition, as more in-market consumers utilize our platform, the incremental search, inventory and purchase information generated will increase the utility of our data and analytics platform for all participants.

Nationwide network of TrueCar Certified Dealers representing all major makes sold in the U.S.

We have built our network of TrueCar Certified Dealers to provide broad nationwide coverage to our users. Our network of over 7,700 TrueCar Certified Dealers consists primarily of new car franchises, representing all major makes of cars, as well as independent dealers. TrueCar Certified Dealers operate in all 50 states and the District of Columbia.

Robust data and proprietary analytics platform

Our digital platform is powered by data and proprietary analytics. Our data repository contains a wide variety of information, including vehicle-specific information on automotive transactions, vehicle registration records, consumer buying patterns and behavior, demographic information, and macroeconomic data. Our platform also enables our pay-for-performance business model by identifying sales for which a dealer generally pays us a fee only when a TrueCar user purchases a car or based on other performance-based metrics.

Long-term, strategic relationships with affinity groups

We have built long-term relationships with our affinity group marketing partners for which we operate automobile buying programs. We also offer car-buying programs as an employee benefit directly to corporate customers and, indirectly, through employee benefit plan administrators. We believe that affinity group members represent an attractive audience for our network of TrueCar Certified Dealers because the affinity group or employment relationship creates a deeper level of engagement between the in-market car buyer and the TrueCar Certified Dealer.

Operations guided by insights derived from quantitative data analysis

We access consumer, dealer and third-party data to power our platform. We believe our quantitative analytical capabilities enable us to derive insights into consumers and dealers that help inform several of our key areas of focus. Our business intelligence organization is also responsible for tracking internal performance metrics, gleaning insights, and helping to improve our operations.

Visionary management team with extensive automotive expertise

Our Founder and Chief Executive Officer, Scott Painter, is a pioneer in the online automotive industry, having founded CarsDirect, one of the industry's first successful online automotive businesses. A team of experienced senior executives, with management backgrounds at automotive

Table of Contents

manufacturers and retailers, online automotive marketing firms, state dealer associations, Internet companies and financial institutions, augments his leadership.

Growth Strategy

We are in the early stages of pursuing our mission to transform car-buying for consumers and dealers. Key elements of our growth strategy are:

Expand the number of visitors to our platform

We intend to grow TrueCar.com website traffic by building our brand through marketing campaigns that emphasize the value of trust and transparency in the car-buying process and the benefits of transacting with TrueCar Certified Dealers. We intend to grow affinity group marketing partner traffic by promoting creative marketing programs, such as subsidizing interest rates on loans, and providing other incentives from third parties that deliver a tangible economic benefit to transacting members, increasing awareness of the car-buying program among the members of our affinity group marketing partners and adding new affinity group marketing partners that bring additional users to our platform.

Improve the user experience

We seek to increase the number of transactions between users of our platform and TrueCar Certified Dealers through a variety of methods, including consistently evaluating and improving our products to enhance the user experience, engaging users with relevant content about car pricing, available incentives and other benefits, while also expanding and improving the geographic coverage of our network of TrueCar Certified Dealers.

Expand monetization opportunities

Over time, we intend to increase monetization opportunities by introducing additional products and services to improve the car-buying and car-ownership experience. For example, we are developing TrueTrade to provide consumers with an estimated daily market value for their existing cars and a guaranteed trade-in price. In addition, we are developing TrueLoan and TrueLease to provide users with a more convenient way to finance their cars at TrueCar Certified Dealers.

Risks Affecting Our Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. These risks include, but are not limited to, the following:

- If car dealers perceive us in a negative light or our relationships with them suffer harm, our ability to grow and our financial performance may be damaged.

- Our recent, rapid growth may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to manage our growth effectively.

- We have operated our business at scale for a limited period of time and we cannot predict whether we will continue to grow. If we are unable to successfully respond to changes in the market, our business could be harmed.

- We have a history of losses and we may not achieve or maintain profitability in the future.

- The loss of a significant affinity group marketing partner or a significant reduction in the number of cars purchased from our TrueCar Certified Dealers by members of our affinity group marketing partners would reduce our revenue and harm our operating results.

Table of Contents

Any adverse change in our relationship with United Services Automobile Association, or USAA, could harm our business.

We are subject to a complex framework of federal and state laws and regulations primarily concerning vehicle sales, advertising and brokering, many of which are unsettled, still developing and contradictory, which have in the past, and could in the future, subject us to claims, challenge our business model or otherwise harm our business.

We participate in a highly competitive market, and pressure from existing and new companies may adversely affect our business and operating results.

If we suffer a significant interruption in our ability to gain access to third-party data, our business will suffer.

The success of our business relies heavily on our marketing and branding efforts, especially with respect to TrueCar.com, as well as those efforts of the affinity group marketing partners whose websites we power, and these efforts may not be successful.

We rely on Internet search engines to drive traffic to our website, and if we fail to appear prominently in the search results, our traffic would decline and our business would be adversely affected.

We may be unable to maintain or grow relationships with information data providers, which may limit the information that we are able to provide and could impair our ability to attract or retain consumers and TrueCar Certified Dealers.

The failure to maintain our brand would harm our ability to grow unique visitor traffic and to expand our dealer network.

Corporate Information

Our principal executive offices are located at 120 Broadway, Suite 200, Santa Monica, California 90401, and our telephone number is (800) 200-2000. Our website is www.TrueCar.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

We originally incorporated under the name "Zag.com Inc." in Delaware in February 2005. We later changed our name to TrueCar, Inc.

TrueCar, the TrueCar logo and other trademarks or service marks of TrueCar appearing in this prospectus are the property of TrueCar. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders. We have omitted the ® and designations, as applicable, for the trademarks used in this prospectus.

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 (JOBS Act) and are therefore subject to reduced public company reporting requirements. We will remain an emerging growth company until the earliest to occur of: the last day of the fiscal year in which we have more than $1.0 billion in annual revenue; the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; the issuance, in any three-year period, by us of more than $1.0 billion in non-convertible debt securities; and the last day of the fiscal year ending after the fifth anniversary of our initial public offering.

Reverse Stock Split

Our board of directors and stockholders approved a 2-for-3 reverse split of our common stock and our Series A convertible preferred stock, or preferred stock, which was effected on May 2, 2014. All references to common stock, preferred stock, options to purchase common stock, restricted stock, share data, per share data, warrants and related information have been retroactively adjusted where applicable in this prospectus to reflect the reverse stock split of our common stock and our preferred stock as if it had occurred at the beginning of the earliest period presented.

Table of Contents

THE OFFERING

Common stock offered by us	7,775,000 shares
Common stock to be outstanding after this offering	71,038,267 shares
Option to purchase additional shares	We have granted the underwriters an option, exercisable for 30 days after the date of this prospectus, to purchase up to an additional 1,166,250 shares from us.
Use of proceeds	We intend to use the net proceeds from this offering primarily for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in complementary technologies, solutions, products, services, businesses or other assets, although we have no present commitments or agreements to enter into any acquisitions or investments. See "Use of Proceeds."
Concentration of ownership	Upon completion of this offering, the executive officers, directors and 5% stockholders of our company and their affiliates will beneficially own, in the aggregate, approximately 66.1% of our outstanding capital stock.
Directed share program	The underwriters have reserved for sale, at the initial public offering price, up to 777,500 shares of the common stock being sold pursuant to this offering, which equals 10% of such shares being sold. Scott Painter, our Founder and Chief Executive Officer, has indicated an interest in purchasing up to an aggregate of approximately $1,500,000 of such reserved shares and the remainder of such shares may be sold to business associates, advisors and friends of TrueCar. All such shares purchased will be subject to the 180-day contractual lock-up described more fully in "Underwriting." The number of shares available for sale to the general public in this offering will be reduced to the extent these persons purchase reserved shares. Any reserved shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares.
NASDAQ trading symbol	"TRUE"

Scott Painter, our Founder and Chief Executive Officer, has indicated an interest in purchasing up to an aggregate of approximately $1,500,000 of TrueCar's common stock in this offering at the initial public offering price. Because this indication of interest is not a binding agreement or commitment to purchase, Mr. Painter may elect not to purchase shares in this offering or the underwriters may elect not to sell any shares in this offering to Mr. Painter. The underwriters will receive the same discount from any shares of our common stock purchased by Mr. Painter as they will from any other shares of our common stock sold to the public in this offering.

The number of shares of our common stock to be outstanding after this offering is based on 63,263,267 shares of our common stock (including convertible preferred stock on an as converted basis) outstanding at March 31, 2014, and excludes:

- 20,735,643 shares of common stock issuable upon the exercise of options outstanding at March 31, 2014, with a weighted average exercise price of $5.57 per share, of which

Table of Contents

1,229,830 shares of common stock have been issued pursuant to stock option exercises from April 1, 2014 to May 15, 2014 for an aggregate exercise price of approximately $1.0 million, which includes 1,102,040 shares of common stock issued to Scott Painter, our Founder and Chief Executive Officer, for an aggregate exercise price of approximately $823,000;

1,333,332 shares of common stock issuable upon the exercise of options granted to our CEO in April 2014, with a weighted average exercise price of $45.00 per share;

5,781,811 shares of common stock issuable upon the exercise of options granted from April 1, 2014 to May 15, 2014, with a weighted average exercise price of $12.81 per share;

720,146 shares of common stock subject to restricted stock units ("RSUs") granted from April 1, 2014 to May 15, 2014;

1,297,279 shares of common stock reserved for future issuance under our stock-based compensation plans, consisting of shares of common stock reserved for future issuance under our Amended and Restated 2005 Stock Plan (the "2005 Stock Plan") at March 31, 2014 (after giving effect to an increase of 4,000,000 shares of our common stock reserved for issuance under our 2005 Stock Plan after March 31, 2014, the grant of options to purchase 7,115,143 shares of common stock after March 31, 2014, the grant of 720,146 shares of common stock subject to RSUs after March 31, 2014, and forfeitures returned to the 2005 Stock Plan of 20,321 shares), which shares will be added to the shares to be reserved under our 2014 Equity Incentive Plan to the extent not granted prior to the completion of this offering;

any shares of common stock that become available subsequent to this offering under our 2014 Plan as a result of the expiration, termination without exercise or forfeiture or repurchase of awards granted under our 2005 Stock Plan or our 2008 Stock Plan (the "2008 Stock Plan"), as more fully described in "Executive Compensation Employee Benefits and Stock Plans";

any shares that become available under our 2014 Equity Incentive Plan, pursuant to provisions thereof that automatically increase the share reserves under the plan each year, as more fully described in "Executive Compensation Employee Benefits and Stock Plans";

5,967,423 shares of common stock issuable upon the exercise of warrants outstanding at March 31, 2014, with a weighted average exercise price of $5.50 per share, of which 3,265,168 shares of common stock were issued to our largest stockholder, United Services Automobile Association, pursuant to an exercise on May 12, 2014 for an aggregate exercise price of approximately $9.5 million; and

1,797,312 shares of common stock issuable upon the exercise of warrants issued from April 1, 2014 to May 15, 2014, with a weighted average exercise price of $13.05 per share.

Unless otherwise noted, the information in this prospectus reflects and assumes the following:

a two-for-three reverse stock split effected on May 2, 2014;

the filing of our amended and restated certificate of incorporation in connection with the completion of this offering;

no purchase by our executive officers, directors or 5% stockholders of any shares to be sold in this offering;

- no exercise of outstanding options;
- no exercise of outstanding warrants; and
- no exercise by the underwriters of their option to purchase up to an additional 1,166,250 shares of common stock from us in this offering.

Table of Contents

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables summarize our consolidated financial data. You should read the summary consolidated financial data set forth below in conjunction with our consolidated financial statements, the notes to our consolidated financial statements and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained elsewhere in this prospectus.

We have derived the summary consolidated statement of operations data for the years ended December 31, 2011, 2012 and 2013 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the summary unaudited consolidated statement of operations data for the three months ended March 31, 2013 and 2014 and our unaudited consolidated balance sheet data as of March 31, 2014 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements were prepared on a basis consistent with our annual financial statements and include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the financial information contained in those statements. We have derived the summary consolidated statement of operations data for the years ended December 31, 2009 and 2010 from our unaudited consolidated financial statements, which are not included in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results to be expected for the full year or any other period.

	Year Ended December 31,					Three Months Ended March 31,	
	2009	2010(1)	2011(2)(3)	2012	2013	2013	2014
	(in thousands, except per share amounts)						
Consolidated Statement of Operations Data:							
Revenues	$ 15,831	$ 38,149	$ 76,330	$ 79,889	$ 133,958	$ 25,043	$ 43,930
Cost and operating expenses:							
Cost of revenue (exclusive of depreciation and amortization presented separately below)(4)	1,360	3,315	7,660	13,559	15,295	3,762	3,720
Sales and marketing(4)	8,866	18,751	41,992	70,327	75,180	13,783	27,767
Technology and development(4)	6,597	7,407	18,457	21,960	23,685	5,804	7,330
General and administrative(4)	5,180	11,480	21,912	34,228	30,857	6,313	11,517
Depreciation and amortization	625	1,086	4,148	11,768	11,569	3,066	3,114
Total costs and operating expenses	22,628	42,039	94,169	151,842	156,586	32,728	53,448
Loss from operations	(6,797)	(3,890)	(17,839)	(71,953)	(22,628)	(7,685)	(9,518)
Interest income	94	109	199	229	121	32	17
Interest expense	(123)	(73)	(66)	(3,359)	(1,988)	(1,241)	(170)
Other income (expense), net	(45)	4	(20)	(18)	18	8	
Change in fair value of preferred stock warrant liability	51	(524)	(1,882)				
Loss before (provision) benefit for income taxes	(6,820)	(4,374)	(19,608)	(75,101)	(24,477)	(8,886)	(9,671)
(Provision) benefit for income taxes		(73)	10,690	606	(579)	(137)	(250)
Net loss	$ (6,820)	$ (4,447)	$ (8,918)	$ (74,495)	$ (25,056)	$ (9,023)	$ (9,921)
Cumulative dividends on Series B, Series C and Series D Preferred Stock	(2,511)	(3,180)	(2,370)				
Net loss attributable to non-controlling interest	1,099	877					
Net loss attributable to common stockholders of TrueCar, Inc.	$ (8,232)	$ (6,750)	$ (11,288)	$ (74,495)	$ (25,056)	$ (9,023)	$ (9,921)
Net loss per share attributable to common stockholders:							
Basic and diluted(5)(6)	$ (3.43)	$ (1.43)	$ (0.49)	$ (1.33)	$ (0.43)	$ (0.16)	$ (0.17)

Weighted average shares of common stock outstanding used in computing net loss per share attributable to common stockholders:							
Basic and diluted(5)(6)	2,400	4,714	22,823	55,828	58,540	56,137	60,102
Pro forma net loss per share: basic and diluted (unaudited)(5)(6)					$ (0.43)		$ (0.16)
Pro forma weighted average common shares outstanding, basic and diluted (unaudited)(5)(6)					58,853		62,959
Other Financial Information:							
Adjusted EBITDA(7)	$ (5,191)	$ 1,712	$ (3,538)	$ (46,523)	$ 2,140	$ (2,632)	$ 878

---

(1) On June 1, 2010, we acquired the remaining non-controlling interest in TrueCar.com, Inc.

(2) During the preparation of the financial statements for the year ended December 31, 2011, we identified adjustments relating to timing of revenue recognition, accrued sales taxes and expenses on related party

Table of Contents

loans affecting 2010 and prior periods. The aggregate amount of these adjustments would have reduced net loss by $360,000 for 2009 and $420,000 for 2010. We concluded these adjustments were not material to any prior reporting period. We also concluded that recording the cumulative effect of these adjustments of $780,000 during the year ended December 31, 2011 was not material individually or in the aggregate to the 2011 financial statements and accordingly, we recorded these adjustments during the year ended December 31, 2011.

(3) In 2011, we completed the acquisitions of Carperks, Honk LLC, and ALG Inc. See Note 3 to our consolidated financial statements for information regarding the purchase accounting associated with these acquisitions.

(4) The following table presents stock-based compensation expense included in each respective expense category:

	Year Ended December 31,					Three Months Ended March 31,	
	2009	2010	2011	2012	2013	2013	2014
	(in thousands)						
Cost of revenue	$	$ 29	$ 47	$ 122	$ 141	$ 25	$ 54
Sales and marketing	223	272	1,076	1,571	2,561	524	1,036
Technology and development	214	41	1,096	1,428	1,762	341	706
General and administrative	170	1,214	3,989	7,199	4,882	683	2,348
Total stock-based compensation expense	$ 607	$ 1,556	$ 6,208	$ 10,320	$ 9,346	$ 1,573	$ 4,144

(5) See Note 2 to our audited consolidated financial statements for an explanation of the calculations of our basic and diluted net loss per share of common stock, and pro forma basic and diluted net loss per share attributable to common stockholders.

(6) All share, per-share and related information have been retroactively adjusted, where applicable, to reflect the impact of a 2-for-3 reverse stock split, which was effected on May 2, 2014.

(7) Adjusted EBITDA is not a measure of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net loss, see "Non-GAAP Financial Measures."

	At March 31, 2014		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)
	(in thousands)		
Selected Consolidated Balance Sheet Data			
Cash and cash equivalents	$ 42,575	$ 42,575	$ 103,754
Working capital excluding restricted cash	36,220	36,220	99,709
Property and equipment, net	15,926	15,926	15,926
Total assets	173,925	173,925	231,528
Total indebtedness	4,893	4,893	4,893
Convertible preferred stock	29,224		
Total stockholders' equity	110,721	139,945	199,859

(1) The pro forma column reflects the automatic conversion of all outstanding shares of our Series A Preferred Stock into 2,857,143 shares of our common stock immediately prior to the closing of this offering.

(2) The pro forma as adjusted column gives effect to the pro forma adjustments set forth in footnote 1 above and the sale by us of 7,775,000 shares of our common stock offered by this prospectus at the initial public offering price of $9.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses.

Table of Contents

Non-GAAP Financial Measures

Adjusted EBITDA is a financial measure that is not calculated in accordance with generally accepted accounting principles in the United States, or GAAP. We define Adjusted EBITDA as net loss adjusted to exclude interest income, interest expense, income taxes, depreciation and amortization, change in the fair value of preferred stock warrant liability, stock-based compensation, non-cash warrant expense, change in fair value of contingent consideration, ticker symbol acquisition costs, and transaction costs from acquisitions. We have provided below a reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure. Adjusted EBITDA should not be considered as an alternative to net loss or any other measure of financial performance calculated and presented in accordance with GAAP. In addition, our Adjusted EBITDA measure may not be comparable to similarly titled measures of other organizations as they may not calculate Adjusted EBITDA in the same manner as we calculate the measure.

We have included Adjusted EBITDA in this prospectus as it is an important measure used by our management and board of directors to assess our operating performance. We believe that using Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis because this measure excludes variations primarily caused by changes in our capital structure, income taxes, depreciation and amortization, changes in fair values of preferred stock warrant liability and contingent consideration, stock-based compensation expense, ticker symbol acquisition costs, and transaction costs from acquisitions. In addition, we believe that Adjusted EBITDA and similar measures are widely used by investors, securities analysts, rating agencies and other parties in evaluating companies as a measure of financial performance and debt service capabilities.

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

- Adjusted EBITDA does not reflect the payment or receipt of interest or the payment of income taxes;

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditures or any other contractual commitments;

- Adjusted EBITDA does not consider the potentially dilutive impact of shares issued or to be issued in connection with share-based compensation or warrant issuances; and

- other companies, including companies in our own industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

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

Table of Contents

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

	Year Ended December 31,					Three Months Ended March 31,	
	2009	2010	2011	2012	2013	2013	2014
				(in thousands)			
Reconciliation of Adjusted EBITDA to Net Loss:							
Net loss	$ (6,820)	$ (4,447)	$ (8,918)	$ (74,495)	$ (25,056)	$ (9,023)	$ (9,921)
Non-GAAP adjustments:							
Interest income	(94)	(109)	(199)	(229)	(121)	(32)	(17)
Interest expense	123	73	66	3,359	1,988	1,241	170
Depreciation and amortization	625	1,086	4,148	11,768	11,569	3,066	3,114
Change in fair value of preferred stock warrant liability	(51)	524	1,882				
Warrant expense	419	2,956	2,112	1,990	3,740	382	2,335
Transaction costs from acquisitions			1,853				
Change in fair value of contingent consideration				1,370	95	24	
Stock-based compensation	607	1,556	6,208	10,320	9,346	1,573	4,144
Ticker symbol acquisition costs							803
Provision (benefit) for income taxes		73	(10,690)	(606)	579	137	250
Adjusted EBITDA	$ (5,191)	$ 1,712	$ (3,538)	$ (46,523)	$ 2,140	$ (2,632)	$ 878

Table of Contents

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes, before deciding whether to purchase shares of our common stock. If any of the following risks is realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the price of our common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business and Industry

If car dealers perceive us in a negative light or our relationships with them suffer harm, our ability to grow and our financial performance may be damaged.

Our primary source of revenue consists of fees paid by TrueCar Certified Dealers to us in connection with the sales of automobiles to our users. In addition, our value proposition to consumers depends on our ability to provide pricing information on automobiles from a sufficient number of automobile dealers by brand and in a given consumer's geographic area. If our relationships with our network of TrueCar Certified Dealers suffer harm in a manner that leads to the departure of these dealers from our network, then our revenue and ability to maintain and grow unique visitor traffic will be adversely affected.

At the end of 2011 and the beginning of 2012, due to certain regulatory and publicity-related challenges, many dealers cancelled their agreements with us and our franchise dealer count fell from 5,571 at November 30, 2011 to 3,599 at February 28, 2012.

TrueCar Certified Dealers have no contractual obligation to maintain their relationship with us. Accordingly, these dealers may leave our network at any time or may develop or use other products or services in lieu of ours. Further, while we believe that our service provides a lower cost, accountable customer acquisition channel, dealers may have difficulty rationalizing their marketing spend across TrueCar and other channels, which potentially has the effect of diluting our dealer value proposition. If we are unable to create and maintain a compelling value proposition for dealers to become and remain TrueCar Certified Dealers, our dealer network would not grow and may begin to decline.

In addition, although the automobile dealership industry is fragmented, a small number of groups have significant influence over the industry. These groups include state and national dealership associations, state regulators, car manufacturers, consumer groups, individual dealers and consolidated dealer groups. To the extent that these groups believe that automobile dealerships should not partner with us, this belief may become quickly and widely shared by automobile dealerships and we may lose a significant number of dealers in our network. A significant number of automobile dealerships are also members of larger dealer groups, and to the extent that a group decides to leave our network, this decision would typically apply to all dealerships within the group.

We cannot assure you that we will maintain strong relationships with the dealers in our network of TrueCar Certified Dealers or that we will not suffer dealer attrition in the future. We may also have disputes with dealers from time to time, including relating to the collection of fees from them and other matters. We may need to modify our products, change pricing or take other actions to address dealer concerns in the future. If a significant number of these automobile dealerships decided to leave our network or change their financial or business relationship with us, then our business, growth, operating results, financial condition and prospects would suffer. Additionally, if we are unable to add dealers to our network, our growth could be impaired.

Table of Contents

Our recent, rapid growth may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to manage our growth effectively.

Our revenue grew from $38.1 million in 2010 to $134.0 million in 2013 and from $25.0 million for the three months ended March 31, 2013 to $43.9 million for the three months ended March 31, 2014. We expect that, in the future, as our revenue increases, our rate of growth will decline. In addition, we will not be able to grow as fast or at all if we do not accomplish the following:

- maintain and grow our affinity group marketing partner relationships;
- increase the number of users of our products and services, and in particular the number of unique visitors to TrueCar.com;
- maintain and expand our dealer network;
- further improve the quality of our existing products and services, and introduce high quality new products and services;
- increase the number of transactions between our users and TrueCar Certified Dealers; and
- introduce third party ancillary products and services.

We may not successfully accomplish any of these objectives. We plan to continue our investment in future growth. We expect to continue to expend substantial financial and other resources on:

- marketing and advertising, including a significant increase to our television advertising expenditures;
- product development; including investments in our product development team and the development of new products and new features for existing products; and
- general administration, including legal, accounting and other compliance expenses related to being a public company.

In addition, our historical rapid growth has placed and may continue to place significant demands on our management and our operational and financial resources. We have also experienced significant growth in the number of users of our platform as well as the amount of data that we analyze. As we continue to grow, we expect to hire additional personnel. Finally, our organizational structure is becoming more complex as we add additional staff, and we will need to improve our operational, financial and management controls as well as our reporting systems and procedures. We will require significant capital expenditures and the allocation of valuable management resources to grow and change in these areas without undermining our corporate culture of rapid innovation, teamwork and attention to the car-buying experience for the consumer and the economics of the dealer.

We have operated our business at scale for a limited period of time and we cannot predict whether we will continue to grow. If we are unable to successfully respond to changes in the market, our business could be harmed.

Our business has grown rapidly as users and automobile dealers have increasingly used our products and services. However, our business is relatively new and has operated at a substantial scale for only a limited period of time. Given this limited history, it is difficult to predict whether we will be able to maintain or grow our business. We expect that our business will evolve in ways which may be difficult to predict. For example, we anticipate that over time we may reach a point when investments in new user traffic are less productive and the continued growth of our revenue will require more focus on increasing the number of transactions from which we derive revenue. It is also possible that car dealers could broadly determine that they no longer believe in the value of our services. In the event of these or any other developments, our continued success will depend on our ability to successfully adjust our strategy to meet the changing market dynamics. If we are

16

Table of Contents

unable to do so, our business could be harmed and our results of operations and financial condition could be materially and adversely affected.

We have a history of losses and we may not achieve or maintain profitability in the future.

We have not been profitable since inception and had an accumulated deficit of $172.5 million at March 31, 2014. From time to time in the past, we have made significant investments in our operations which have not resulted in corresponding revenue growth and, as a result, increased our losses. We expect to make significant future investments to support the further development and expansion of our business and these investments may not result in increased revenue or growth on a timely basis or at all. In addition, as a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. As a result of these increased expenditures, we will have to generate and sustain increased revenue to achieve and maintain profitability.

We may incur significant losses in the future for a number of reasons, including slowing demand for our products and services, increasing competition, weakness in the automobile industry generally, as well as other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications and delays, and other unknown factors. If we incur losses in the future, we may not be able to reduce costs effectively because many of our costs are fixed. In addition, to the extent that we reduce variable costs to respond to losses, this may affect our ability to acquire consumers and dealers and grow our revenues. Accordingly, we may not be able to achieve or maintain profitability and we may continue to incur significant losses in the future, and this could cause the price of our common stock to decline.

The loss of a significant affinity group marketing partner or a significant reduction in the number of cars purchased from our TrueCar Certified Dealers by members of our affinity group marketing partners would reduce our revenue and harm our operating results.

Our financial performance is substantially dependent upon the number of automobiles purchased from TrueCar Certified Dealers by users of TrueCar.com and the car-buying sites we maintain for our affinity group marketing partners. Currently, a majority of the automobiles purchased by our users were matched to the car-buying sites we maintain for our affinity group marketing partners. As a result, our relationships with our affinity group marketing partners are critical to our business and financial performance. However, several aspects of our relationship with affinity groups might change in a manner that harms our business and financial performance, including:

- affinity group marketing partners might terminate their relationship with us or make such relationship non-exclusive, resulting in a reduction in the number of transactions between users of our platform and TrueCar Certified Dealers;

- affinity group marketing partners might de-emphasize the automobile buying programs within their offerings, resulting in a decrease in the number of transactions between their members and our TrueCar Certified Dealers; or

- the economic structure of our agreements with affinity group marketing partners might change, resulting in a decrease in our operating margins on transactions by their members.

A significant change to our relationships with affinity group marketing partners may have a negative effect on our business in other ways. For example, the termination by an affinity group marketing partner of our relationship may create the perception that our products and services are no longer beneficial to the members of affinity groups or a more general negative association with our business. In addition, a termination by an affinity group marketing partner may result in the loss of the data provided to us by them with respect to automobile transactions. This loss of data may decrease the quantity and quality of the information that we provide to consumers and may also

Table of Contents

reduce our ability to identify transactions for which we can invoice dealers. If our relationships with affinity group marketing partners change our business, revenue, operating results and prospects may be harmed.

Any adverse change in our relationship with United Services Automobile Association, or USAA, could harm our business.

The single largest source of user traffic from our affinity group marketing partners comes from the site we maintain for USAA and USAA is our largest single stockholder. USAA currently owns 17,065,691 shares, which represents 26.3% of our outstanding shares of common stock at May 13, 2014. In 2013, 171,795 units, or 43.0% of all units purchased by users from TrueCar Certified Dealers, were matched to users of the car-buying site we maintain for USAA. We define units as the number of automobiles purchased by our users from TrueCar Certified Dealers through TrueCar.com or the car buying sites we maintain for our affinity group marketing partners. In the three months ended March 31, 2014, 46,923 units, or 37% of all units purchased by users from TrueCar Certified Dealers, were matched to users of the car-buying site we maintain for USAA. As such, USAA has a significant influence on our operating results. In May 2014, we entered into an extension of our affinity group marketing agreement with USAA that extends through February 13, 2020, but we cannot assure you that our agreement with USAA will be extended at the expiration of the current agreement on terms satisfactory to us, or at all. In addition, USAA has broad discretion in how the car-buying site we maintain for USAA is promoted and marketed on its own website. Changes in this promotion and marketing has in the past and may in the future adversely affect the volume of user traffic we receive from USAA. We cannot assure you that changes in our relationship with USAA or its promotion and marketing of our platform will not adversely affect our business and operating results in the future.

We are subject to a complex framework of federal and state laws and regulations primarily concerning vehicle sales, advertising and brokering, many of which are unsettled, still developing and contradictory, which have in the past, and could in the future, subject us to claims, challenge our business model or otherwise harm our business.

Various aspects of our business are or may be subject, directly or indirectly, to U.S. federal and state laws and regulations. Failure to comply with such laws or regulations may result in the suspension or termination of our ability to do business in affected jurisdictions or the imposition of significant civil and criminal penalties, including fines or the award of significant damages against us and our TrueCar Certified Dealers in class action or other civil litigation.

State Motor Vehicle Sales, Advertising and Brokering Laws

The advertising and sale of new or used motor vehicles is highly regulated by the states in which we do business. Although we do not sell motor vehicles, state regulatory authorities or third parties could take the position that some of the regulations applicable to dealers or to the manner in which motor vehicles are advertised and sold generally are directly applicable to our business. If our products and services are determined to not comply with relevant regulatory requirements, we or our TrueCar Certified Dealers could be subject to significant civil and criminal penalties, including fines, or the award of significant damages in class action or other civil litigation as well as orders interfering with our ability to continue providing our products and services in certain states. In addition, even absent such a determination, to the extent dealers are uncertain about the applicability of such laws and regulations to our business, we may lose, or have difficulty increasing the number of, TrueCar Certified Dealers in our network, which would affect our future growth.

Several states in which we do business have laws and regulations that strictly regulate or prohibit the brokering of motor vehicles or the making of so-called "bird-dog" payments by dealers to third parties in connection with the sale of motor vehicles through persons other than licensed

Table of Contents

salespersons. If our products or services are determined to fall within the scope of such laws or regulations, we may be forced to implement new measures, which could be costly, to reduce our exposure to those obligations, including the discontinuation of certain products or services in affected jurisdictions. Additionally, such a determination could subject us or our TrueCar Certified Dealers to significant civil or criminal penalties, including fines, or the award of significant damages in class action or other civil litigation.

In addition to generally applicable consumer protection laws, many states in which we do business have laws and regulations that specifically regulate the advertising for sale of new or used motor vehicles. These state advertising laws and regulations are frequently subject to multiple interpretations and are not uniform from state to state, sometimes imposing inconsistent requirements on the advertiser of a new or used motor vehicle. If the content displayed on the websites we operate is determined or alleged to be inaccurate or misleading, under motor vehicle advertising laws, generally applicable consumer protection laws, or otherwise, we could be subject to significant civil and criminal penalties, including fines, or the award of significant damages in class action or other civil litigation. Moreover, such allegations, even if unfounded or decided in our favor, could be extremely costly to defend, could require us to pay significant sums in settlements, and could interfere with our ability to continue providing our products and services in certain states.

From time to time, certain state authorities and dealer associations have taken the position that aspects of our products and services violate state brokering, bird-dog, or advertising laws. When such allegations have arisen, we have endeavored to resolve the identified concerns on a consensual and expeditious basis, through negotiation and education efforts, without resorting to the judicial process. In certain instances, we have nevertheless been obligated to suspend all or certain aspects of our business operations in a state pending the resolution of such issues, the resolution of which included the payment of fines in 2011 and 2012 in the aggregate amount of approximately $26,000. For example, in the beginning of 2012, following implementation of our first nationwide television advertising campaign, state regulatory inquiries with respect to the compliance of our products and services with state brokering, bird-dog, and advertising laws intensified to a degree not previously experienced by us. Responding to and resolving these inquiries, as well as our efforts to ameliorate the related adverse publicity and loss of TrueCar Certified Dealers from our network, resulted in decreased revenues and increased expenses and, accordingly, increased our losses during much of 2012.

In October 2013, we received an Investigative Demand from the Oregon Attorney General (the "Oregon Inquiry") requesting information regarding potential noncompliance with the Oregon Unlawful Trade Practices Act. We are cooperating with the Oregon Department of Justice in an effort to reach consensual resolution of the issues raised by the Oregon Inquiry without making material, unfavorable adjustments to our business practices or user experience in Oregon. We cannot assure you that these efforts will be successful.

More recently, in May 2014, we received a letter from the Consumer Protection Division of the Mississippi Attorney General's Office (the "Mississippi Inquiry") suggesting that we may be acting unlawfully as an auto broker in Mississippi. We intend to cooperate with the Mississippi Attorney General's office in an effort to reach consensual resolution of the issues raised by the Mississippi Inquiry without making material unfavorable adjustments to our business practices or user experience in Mississippi. We cannot assure you that these efforts will be successful.

If state regulators or other third parties take the position in the future that our products or services violate applicable brokering, bird-dog, or advertising laws or regulations, responding to such allegations could be costly, could require us to pay significant sums in settlements, could require us to pay civil and criminal penalties, including fines, could interfere with our ability to continue providing our products and services in certain states, or could require us to make adjustments to our products and services or the manner in which we derive revenue from our participating dealers, any or all of which could result in substantial adverse publicity, loss of TrueCar Certified Dealers from our network, decreased revenues, increased expenses, and decreased profitability.

Federal Advertising Regulations

The Federal Trade Commission, or the FTC, has authority to take actions to remedy or prevent advertising practices that it considers to be unfair or deceptive and that affect commerce in the United States. If the FTC takes the position in the future that any aspect of our business constitutes an unfair or deceptive advertising practice, responding to such allegations could require us to pay significant damages, settlements, and civil penalties, or could require us to make adjustments to our products and services, any or all of which could result in substantial adverse publicity, loss of participating dealers, lost revenues, increased expenses, and decreased profitability.

Federal Antitrust Laws

The antitrust laws prohibit, among other things, any joint conduct among competitors that would lessen competition in the marketplace. Some of the information that we obtain from dealers is competitively sensitive and, if disclosed inappropriately, could potentially be used by dealers to impede competition or otherwise diminish independent pricing activity. A governmental or private civil action alleging the improper exchange of information, or unlawful participation in price maintenance or other unlawful or anticompetitive activity, even if unfounded, could be costly to defend and adversely impact our ability to maintain and grow our dealer network. For example, we have been informed that the FTC's Bureau of Competition is conducting an investigation to determine whether firms in the retail automotive industry may have violated Section 5 of the Federal Trade Commission Act by agreeing to refuse to deal with us. We have received a Civil Investigative Demand dated February 11, 2014 requesting that we produce certain documents and information to the FTC related to the matters under investigation by it. We are cooperating with the FTC in an effort to supply the information required by the request without unduly burdening our resources. We cannot assure you that these efforts will be successful.

In addition, governmental or private civil actions related to the antitrust laws could result in orders suspending or terminating our ability to do business or otherwise altering or limiting certain of our business practices, including the manner in which we handle or disclose dealer pricing information, or the imposition of significant civil or criminal penalties, including fines or the award of significant damages against us and our TrueCar Certified Dealers in class action or other civil litigation.

Other

The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to continuous change. The enactment of new laws and regulations or the interpretation of existing laws and regulations in an unfavorable way may affect the operation of our business, directly or indirectly, which could result in substantial regulatory compliance costs, civil or criminal penalties, including fines, adverse publicity, loss of participating dealers, lost revenues, increased expenses, and decreased profitability. Further, investigations by government agencies, including the FTC, into allegedly anticompetitive, unfair, deceptive or other business practices by us or our TrueCar Certified Dealers, could cause us to incur additional expenses and, if adversely concluded, could result in substantial civil or criminal penalties and significant legal liability.

Table of Contents

We participate in a highly competitive market, and pressure from existing and new companies may adversely affect our business and operating results.

We face significant competition from companies that provide listings, information, lead generation, and car-buying services designed to reach consumers and enable dealers to reach these consumers.

Our competitors offer various products and services that compete with us. Some of these competitors include:

- Internet search engines and online automotive sites such as Google, AutoTrader.com, eBay Motors, Edmunds.com, KBB.com, Autobytel.com and Cars.com;
- sites operated by automobile manufacturers such as General Motors and Ford;
- providers of offline, membership-based car-buying services such as the Costco Auto Program; and
- offline automotive classified listings, such as trade periodicals and local newspapers.

We compete with many of the above-mentioned companies and other companies for a share of car dealers' overall marketing budget for online and offline media marketing spend. To the extent that car dealers view alternative marketing and media strategies to be superior to TrueCar, we may not be able to maintain or grow the number of TrueCar Certified Dealers and our TrueCar Certified Dealers may sell fewer cars to users of our platform, and our business, operating results and financial condition will be harmed.

We also expect that new competitors will continue to enter the online automotive retail industry with competing products and services, which could have an adverse effect on our revenue, business and financial results.

Our competitors could significantly impede our ability to expand our network of TrueCar Certified Dealers and to reach consumers. Our competitors may also develop and market new technologies that render our existing or future products and services less competitive, unmarketable or obsolete. In addition, if our competitors develop products or services with similar or superior functionality to our solutions, we may need to decrease the prices for our solutions in order to remain competitive. If we are unable to maintain our current pricing structure due to competitive pressures, our revenue will be reduced and our operating results will be negatively affected.

Our current and potential competitors may have significantly more financial, technical, marketing and other resources than we have, and the ability to devote greater resources to the development, promotion, and support of their products and services. Additionally, they may have more extensive automotive industry relationships than we have, longer operating histories and greater name recognition. As a result, these competitors may be better able to respond more quickly with new technologies and to undertake more extensive marketing or promotional campaigns. In addition, to the extent any of our competitors have existing relationships with dealers or automobile manufacturers for marketing or data analytics solutions, those dealers and automobile manufacturers may be unwilling to continue to partner with us. If we are unable to compete with these companies, the demand for our products and services could substantially decline.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. Our competitors may also establish or strengthen cooperative relationships with our current or future third-party data providers, technology partners, or other parties with whom we have relationships, thereby limiting our ability to develop, improve, and promote our solutions. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our revenue, business and financial results.

Table of Contents

If we suffer a significant interruption in our ability to gain access to third-party data, our business will suffer.

Our business also relies on our ability to analyze data for the benefit of our users and the TrueCar Certified Dealers in our network. In addition, the effectiveness of our user acquisition efforts depends in part on the availability of data relating to existing and potential users of our platform. If we experience a material disruption in the data provided to us or if third-party data providers terminate their relationship with us, the information that we provide to our users and TrueCar Certified Dealers may be limited, the quality of this information may suffer, and our business, results of operations and financial conditions could be materially and adversely affected.

The success of our business relies heavily on our marketing and branding efforts, especially with respect to TrueCar.com, as well as those efforts of the affinity group marketing partners whose websites we power, and these efforts may not be successful.

We believe that an important component of our growth will be the growth of our TrueCar.com business. Because TrueCar.com is a consumer brand, we rely heavily on marketing and advertising to increase the visibility of this brand with potential users of our products and services. We currently advertise through television and radio marketing campaigns, traditional print media, sponsorship programs and other means, the goal of which is to increase the strength, recognition and trust in the TrueCar.com brand and drive more unique visitors to our website and mobile applications. We incurred expenses of $75.2 million and $27.8 million on sales and marketing in the year ended December 31, 2013 and the three months ended March 31, 2014, respectively.

Our business model relies on our ability to scale rapidly and to decrease incremental user acquisition costs as we grow. Some of our methods of advertising, including our television marketing campaign, are not currently profitable on a standalone basis because they have not yet resulted in the acquisition of sufficient users visiting our website and mobile applications such that we may recover such costs by attaining corresponding revenue growth. If we are unable to recover our marketing costs through increases in user traffic and in the number of transactions by users of our platform, or if we discontinue our broad marketing campaigns, it could have a material adverse effect on our growth, results of operations and financial condition.

In addition, the number of transactions generated by the members of our affinity group marketing partners depends in part on the emphasis that these affinity group marketing partners place on marketing the purchase of cars within their platforms. For example, USAA is a large diversified financial services group of companies serving the United States military community with hundreds of highly competitive product and service offerings. At any given time, USAA's car-buying service may or may not be a priority relative to its other offerings. Consequently, changes in how USAA promotes and markets the car buying site we maintain for them can and has, from time to time in the past, affected the volume of purchases generated by USAA members. For example, in the past USAA adjusted the location and prominence of the links to our platform on their web pages, adversely affecting the volume of traffic. Should USAA or one or more of our other affinity group marketing partners decide to de-emphasize the marketing of our platform, or if their marketing efforts are otherwise unsuccessful, our revenue, business and financial results will be harmed.

We rely on Internet search engines to drive traffic to our website, and if we fail to appear prominently in the search results, our traffic would decline and our business would be adversely affected.

We depend in part on Internet search engines such as Google, Bing, and Yahoo! to drive traffic to our website. For example, when a user types an automobile into an Internet search engine, we rely on a high organic search ranking of our webpages in these search results to refer the user to our website. However, our ability to maintain high, non-paid search result rankings is not within our control. Our competitors' Internet search engine optimization efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies in a way that would adversely affect our search result rankings. If Internet search engines modify their search algorithms in ways that are detrimental to us, or if our competitors' efforts are more successful than ours, overall growth in our user base could slow or our user base could decline. Internet search engine providers could provide automobile dealer and pricing information directly in search results, align with our competitors or choose to develop competing services. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of users directed to our website through Internet search engines could harm our business and operating results.

We may be unable to maintain or grow relationships with information data providers, which may limit the information that we are able to provide and could impair our ability to attract or retain consumers and TrueCar Certified Dealers.

We receive automobile purchase data from many third-party data providers, including our network of TrueCar Certified Dealers, dealer management system providers, data aggregators and integrators, survey companies, purveyors of registration data and our affinity group marketing partners. In the states in which we employ a pay-per-sale billing model, we use this data to match purchases with users that obtained a Guaranteed Savings Certificate from a TrueCar Certified Dealer so that we may collect a transaction fee from those dealers. We also analyze this data and provide insights to our users and TrueCar Certified Dealers, driving traffic to our platform and strengthening our relationships with the automobile dealers in our network.

From time to time, we experience interruptions in the data feeds that we receive from third-party data providers, particularly dealer management system providers, in a manner that affects our ability to invoice the dealers in our network. These interruptions may occur for a number of reasons, including changes to the software of a dealer management system provider. In the states in which we employ a pay-per-sale billing model, an interruption in the data that we receive undermines our ability to match automobile purchases with users that obtained a Guaranteed Savings Certificate from a TrueCar Certified Dealer, thereby delaying our submission of an invoice to an automobile dealer in our network for a given transaction. In the case of an interruption in our data feeds, our billing structure may transition to a subscription model for automobile dealers in our network until the interruption ceases. Our subscription billing model typically results in decreased revenues during the interruption and, when an interruption ceases, we are not always able to retroactively match a transaction and collect a fee. In addition, our likelihood of collection of the fee owed to us for a given transaction decreases during the period in which we are unable to submit an invoice to automobile dealers and, in any case, our recognition of transaction revenues where there has been an interruption in the data provided to us by dealer management systems will be delayed.

The failure to maintain our brand would harm our ability to grow unique visitor traffic and to expand our dealer network.

Maintaining and enhancing the TrueCar brand will depend largely on the success of our efforts to maintain the trust of our users and TrueCar Certified Dealers and to deliver value to each of our users and TrueCar Certified Dealers. If our existing or potential users perceive that we are not focused primarily on providing them with a better car-buying experience, our reputation and the strength of our brand will be adversely affected.

Complaints or negative publicity about our business practices, our marketing and advertising campaigns, our compliance with applicable laws and regulations, the integrity of the data that we

Table of Contents

provide to users, data privacy and security issues, and other aspects of our business, irrespective of their validity, could diminish users' and dealers' confidence in and the use of our products and services and adversely affect our brand. These concerns could also diminish the trust of existing and potential affinity group marketing partners. There can be no assurance that we will be able to maintain or enhance our brand, and failure to do so would harm our business growth prospects and operating results.

If we are unable to provide a compelling car-buying experience to our users, the number of transactions between our users and TrueCar Certified Dealers will decline and our revenue and results of operations will suffer harm.

We cannot assure you that we are able to provide a compelling car-buying experience to our users, and our failure to do so will mean that the number of transactions between our users and TrueCar Certified Dealers will decline and we will be unable to effectively monetize our user traffic. We believe that our ability to provide a compelling car-buying experience is subject to a number of factors, including:

- our ability to launch new products that are effective and have a high degree of consumer engagement;
- compliance of the dealers within our network of TrueCar Certified Dealers with applicable laws, regulations and the rules of our platform, including honoring the TrueCar certificates submitted by our users; and
- our access to a sufficient amount of data to enable us to be able to provide relevant pricing information to consumers.

The growth of our business relies significantly on our ability to increase the number of TrueCar Certified Dealers such that we are able to increase the number of transactions between our users and TrueCar Certified Dealers. Failure to do so would limit our growth.

Our ability to grow the number of TrueCar Certified Dealers, both on an overall basis and by brand in important geographies, is an important factor in growing our business. As described elsewhere in this "Risk Factors" section, we are a new participant in the automobile retail industry, our business has sometimes been viewed in a negative light by car dealerships, and there can be no assurance that we will be able to maintain or grow the number of car dealers in our network.

In addition, our ability to increase the number of TrueCar Certified Dealers in an optimized manner depends on strong relationships with other constituents, including car manufacturers and state dealership associations. From time to time, car manufacturers have communicated concerns about our business to the dealers in our network. For example, some car manufacturers maintain guidelines that prohibit dealers from advertising a car at a price that is below an established floor. If a TrueCar Certified Dealer within our network submits a price to us that falls below pricing guidelines established by the applicable manufacturer, the manufacturer may discourage that dealer from remaining in the network and may discourage other dealers within its brand from joining the network. For example, in late 2011, Honda publicly announced that it would not provide advertising allowan