



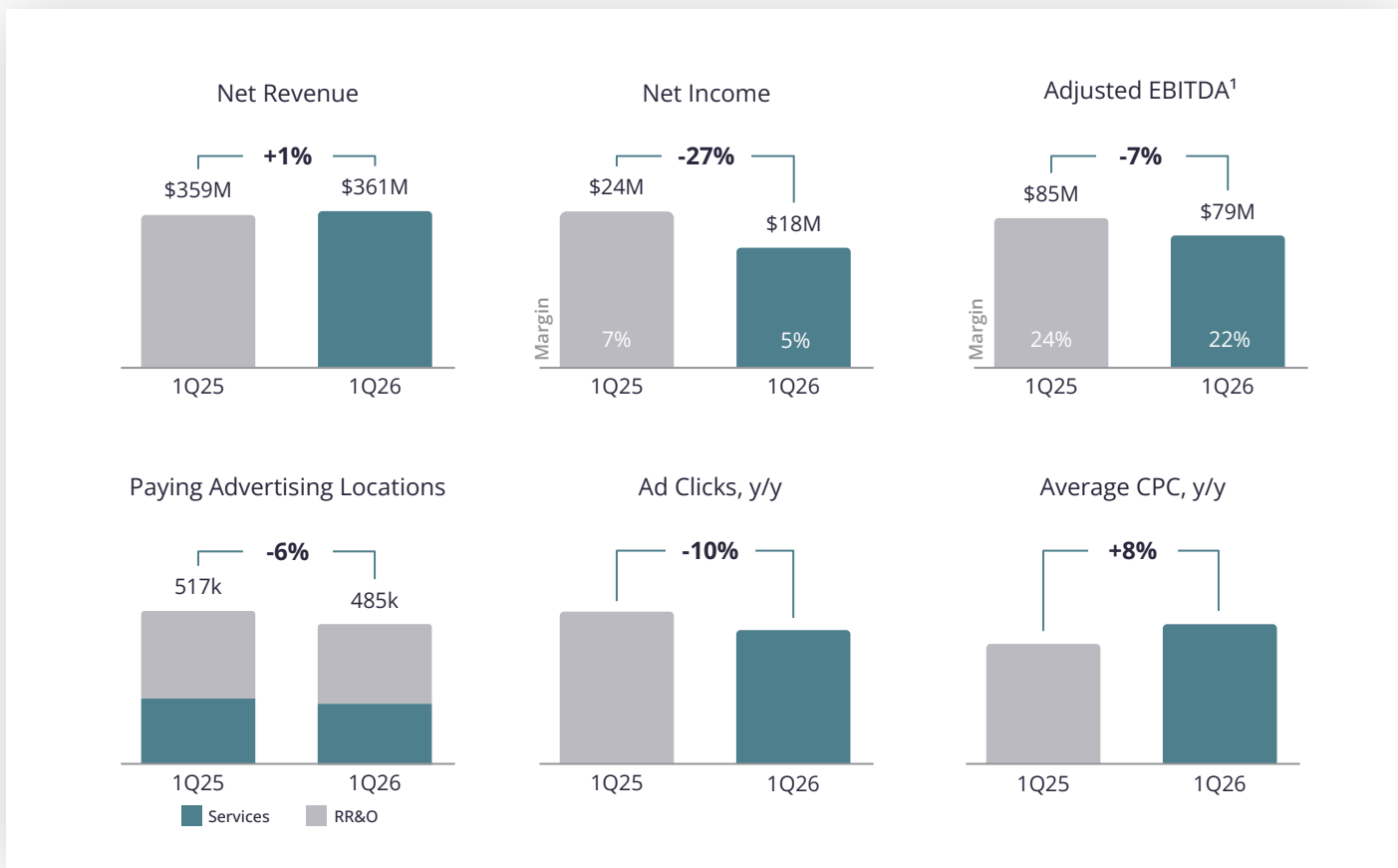
May 7, 2026

yelp-ir.com

Q1 2026 LETTER TO SHAREHOLDERS

First Quarter 2026 Financial Highlights

- Net revenue was \$361 million, up 1%** from the first quarter of 2025 and \$6 million above the high end of our first quarter outlook range, primarily driven by 75% year-over-year growth in other revenue and a 1% year-over-year increase in advertising revenue from Services businesses, partially offset by an 11% year-over-year decrease in advertising revenue from Restaurant, Retail & Other (“RR&O”) businesses.
- Net income was \$18 million, or \$0.30 per diluted share,** compared to net income of \$24 million, or \$0.36 per diluted share, in the first quarter of 2025. Net income margin decreased two percentage points from the first quarter of 2025 to 5%.
- Adjusted EBITDA¹ was \$79 million,** a decrease of \$6 million, or 7%, compared to the first quarter of 2025 and \$16 million above the high end of our outlook range. Adjusted EBITDA margin¹ decreased two percentage points from the first quarter of 2025 to 22%.
- Cash provided by operating activities was \$58 million during the first quarter,** and we ended the quarter with cash and cash equivalents of \$110 million.
- In the first quarter, we repurchased approximately 5.1 million shares** at an aggregate cost of \$125 million.
- We continue to believe in the long-term opportunities ahead and our team’s ability to capture them.** In 2026, we continue to expect net revenue to be in the range of \$1.455 billion to \$1.475 billion and adjusted EBITDA to be in the range of \$310 million to \$330 million.² We are also targeting an annual run rate of \$250 million in other revenue by the end of 2028.



Note: Amounts reported in this letter, including margins, are rounded. The year-over-year percentage changes are calculated based on reported financial statements and metrics and, accordingly, may not recalculate using the rounded amounts presented. Refer to “Key Financial and Operational Metrics” for metric definitions.

¹ Refer to “Non-GAAP Financial Measures” and “Reconciliation of GAAP to Non-GAAP Financial Measures” below for further details, including definitions of each “non-GAAP measure” presented, and a reconciliation of the “non-GAAP measures” presented to the most directly comparable measures prepared under generally accepted accounting principles in the United States (“GAAP”).

² Yelp has not reconciled its adjusted EBITDA outlook to net income (loss) under GAAP because it does not provide an outlook for GAAP net income (loss) due to the uncertainty and potential variability of other income, net and provision for (benefit from) income taxes, which are reconciling items between adjusted EBITDA and GAAP net income (loss). Because Yelp cannot reasonably predict such items, a reconciliation of the non-GAAP financial measure outlook to the corresponding GAAP measure is not available without unreasonable effort. We caution, however, that such items could have a significant impact on the calculation of GAAP net income (loss). For more information regarding the non-GAAP financial measures discussed in this release, please see “Non-GAAP Financial Measures” and “Reconciliation of GAAP to Non-GAAP Financial Measures” below.

Dear fellow shareholders,

Yelp continued to accelerate its AI transformation in the first quarter, as our team focused on making local discovery increasingly conversational, delivering tools to help businesses succeed, and expanding the reach of our trusted content through new partnerships. **This progress was reflected in our recent rollout of more than 35 new features and updates**, including a new Yelp Assistant that now works across all categories.

At the same time, consumers and local businesses continued to face a challenging economic environment. Yelp delivered modest revenue growth in the first quarter, driven by broad strength in other revenue and growth in ad revenue from Services businesses. While we anticipate these economic headwinds will persist throughout the year, **we remain confident that our strategic initiatives will continue to transform Yelp and position us to drive long-term profitable growth.**

Q1 Results

Net revenue increased by 1% year over year to \$361 million, \$6 million above the high end of our outlook range. Net income decreased by 27% year over year to \$18 million, representing a 5% net income margin. Adjusted EBITDA decreased by 7% year over year to \$79 million, \$16 million above the high end of our outlook range, representing a 22% adjusted EBITDA margin.

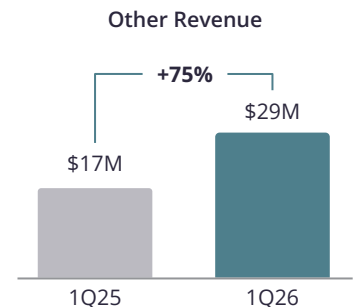
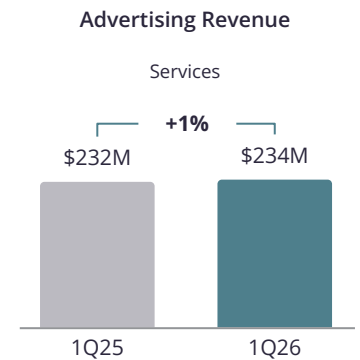
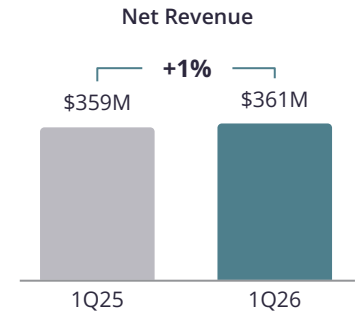
Underlying our top line results, **advertising revenue from Services businesses increased by 1% year over year to \$234 million**, driven by a slight increase in ad clicks. Advertiser demand remained relatively stable, as reflected in an increase in average revenue per location,¹ partially offset by a decrease in paying advertising locations. Together with increased consumer activity, this drove a modest decrease in average cost-per-click ("CPC").

Advertising revenue from RR&O businesses decreased by 11% year over year, driven by a decrease in ad clicks, partially offset by an increase in average CPC as advertiser demand outpaced consumer demand. These results, as well as decreases in both RR&O paying advertising locations and average revenue per location, reflect the challenging operating environment for local businesses in these categories and, to a lesser extent, competitive pressures from food ordering and delivery providers.

Total paying advertising locations decreased by 6% year over year, while average revenue per location increased to a near-record level.

Ad clicks decreased by 10% year over year, driven by lower consumer demand in RR&O categories. **Average CPC increased by 8%**, as the increase in average CPC for RR&O businesses offset the decrease for Services businesses. In addition, Services ad clicks, which generally have higher CPCs, comprised a greater portion of total ad clicks compared to the prior-year period.

Other revenue increased by 75% year over year to a record \$29 million, driven by the inclusion of revenue generated by Hatchify Inc. ("Hatch"), which we acquired in February, as well as significant growth in revenue from data licensing and food ordering.



¹ Services or RR&O advertising revenue divided by Services or RR&O paying advertising locations, respectively, as applicable.

Initiatives to drive long-term, profitable growth

In 2026, we are continuing to invest in Yelp's AI transformation, guided by three areas of strategic focus designed to deliver growth through product innovation:

- ▶ Reconceive Yelp around answers and actions
- ▶ Deliver AI tools that help service pros and other local businesses grow, operate and succeed
- ▶ Extend our reach to power local discovery across the AI ecosystem

Through these strategic initiatives, we are transforming key parts of Yelp: the experience, the technology, and the value we provide to consumers and businesses.

Reconceive Yelp around answers and actions

We are reconceiving how consumers and businesses connect on Yelp by building a conversational user experience that provides answers and enables actions.

Yelp Assistant is the foundation of this initiative and, in the first quarter, it connected more consumers and service pros than ever before. Its growing adoption accounted for approximately 15% of Request-a-Quote projects² in the quarter.

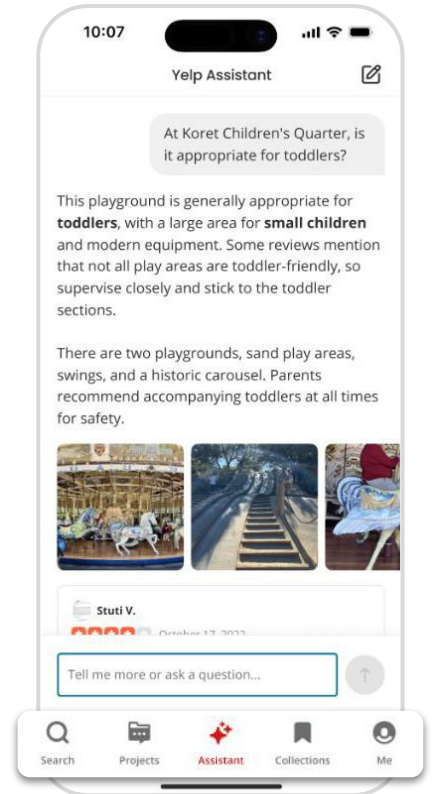
Building on Yelp Assistant’s momentum in our Services categories, **we rolled out a new Yelp Assistant that supports local discovery across every business category on Yelp.** This expanded version of Yelp Assistant, which is accessible through the Assistant tab on the Yelp app, delivers trusted recommendations with clear explanations of why each business is a fit, surfacing relevant user reviews, star ratings, and other helpful details. Users can ask follow-up questions about any business, refine a search, and tap into any business’s full reviews, photos, and business page to learn more. While still early, we are seeing positive signals and believe Yelp Assistant could ultimately drive deeper engagement.

To provide an even more comprehensive experience by helping consumers complete tasks like initiating a reservation or booking an appointment in RR&O categories, we have also expanded our partner ecosystem.

Consumers took advantage of the hundreds of thousands of new restaurants available for food ordering and delivery through our DoorDash partnership in the first quarter, driving 88% year-over-year growth in food ordering revenue. More recently, we announced new integrations with Vagaro and Zocdoc to enable users to book beauty, wellness, fitness, and healthcare appointments.

In addition, we made a number of improvements to the broader consumer experience. **We enhanced our Menu Vision feature to be even more visual and detail-rich.** Images of a dish now instantly appear over the menu with its name, the number of related reviews and photos, and a “Popular” badge for standout items. We also improved how we match photos to menus, expanding menu coverage using our large dataset of photos and reviews while leveraging AI to better recognize dish names and synonyms.

The new Yelp Assistant supports local discovery across every category on Yelp



Our enhanced Menu Vision feature is now more visual and detail-rich



² Projects created by users through a Request-a-Quote flow or Yelp Assistant.

Depictions of Yelp's features are provided for illustrative purposes only, and may differ from the actual product.

Deliver AI tools that help service pros and other local businesses grow, operate & succeed

Our investments in advertising technology and operational tools that deliver value to businesses, regardless of whether they are advertisers, have helped us attract and retain new customers. We made progress against these efforts in the first quarter, reflected in the recent launch of a number of new features and products designed to help business owners succeed.

Our team continued to scale Yelp Host, our AI-powered call answering service offering for restaurants, which surpassed an annual run rate³ of 1.5 million calls handled in April, more than doubling from January. Looking ahead, we plan to roll out new improvements and functionality, including the ability to place food orders over the phone, which we believe will considerably expand the market opportunity. Overall, **we estimate there is a market opportunity of over a billion dollars in the United States for Yelp Host**, and we believe that with our best-in-class offering and expansive distribution, we are well positioned to capture meaningful share.

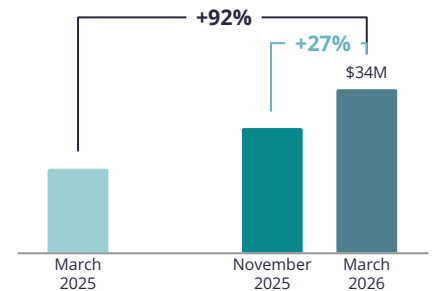
Since our acquisition of Hatch in February, we have been pleased with the team's early progress. **Hatch's annual run rate revenue exceeded \$34 million in March, up 92% year over year and 27% from November 2025.**⁴ Looking ahead, we plan to expand Hatch's voice capabilities and develop even more functionalities for its lead management tools to deliver high-quality leads to Services businesses. We have also reallocated Yelp go-to-market and engineering resources to help accelerate Hatch's growth initiatives given the considerable opportunity we see ahead.

Yelp Host surpassed an annual run rate of 1.5M calls handled in April



Hatch's annual run rate revenue exceeded \$34M in March

Hatch Annual Run Rate Revenue



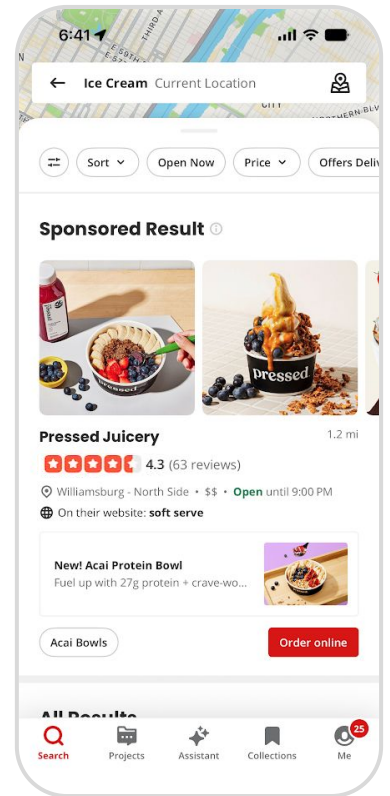
³ References to the "annual run rate" of certain metrics throughout the letter are calculated by annualizing the metric's results for the indicated period. For example, we calculate annual run rate based on a metric's results for a given month by multiplying those results by 12, or for a given quarter by multiplying the results by four.

⁴ Hatch revenue includes overage fees. Growth rates are calculated based on pre-acquisition results that reflect Hatch's internal, unaudited financial records, which have not been audited or reviewed by an independent accounting firm. As such, year-over-year growth rates should be considered approximate and may not be directly comparable to current-period figures prepared under our accounting policies.

To further reduce friction for business owners looking to manage their business page or advertise on Yelp, we introduced an improved Business Owner Account experience. **For advertisers, administrative activities are now streamlined via a new AI-powered support chatbot** that handles account access, billing and troubleshooting without the delay caused by traditional customer service bottlenecks.

We also added new tools for advertisers to reach the right customers more effectively. These include improvements that simplify the advertising experience across the full lifecycle, from setup to optimization. For example, if a business doesn't have photos on its Yelp page, new tools allow the business to import high-quality images from its website to use in ads, removing a common barrier to getting started. **We also redesigned Yelp Ads to be cleaner and more engaging**, with updated layouts and smoother interactions so ads stand out more effectively in search results. Additionally, when previewing a campaign, businesses now see their real-time star rating and review count, so they know exactly how their ad will appear to customers.

We redesigned Yelp Ads to be cleaner and more engaging



Extend our reach to power local discovery across the AI ecosystem

As local discovery moves beyond traditional search into new devices, apps and AI-powered interfaces, we believe Yelp is well positioned to serve as an essential partner wherever consumers are making local decisions. Through data licensing and APIs, we are extending access to our trusted content to provide consumers with reliable local answers.

We continued to make progress monetizing our trusted content in the first quarter and saw robust demand for our data licensing products, contributing to strong growth in other revenue. We secured new licensing agreements, including with OpenAI, and have continued to expand integrations with existing partners, such as Alexa+, where users can book and manage Yelp restaurant reservations through our Reservations API. **Consumers can now find licensed Yelp content on Amazon Alexa, Apple Maps, Microsoft Bing, Meta.ai, and Yahoo, among many other platforms.**

Looking ahead, we see substantial opportunity to expand upon our existing agreements and pursue new licensing deals within the AI ecosystem that allow for Yelp's trusted content to be seamlessly integrated into experiences off Yelp, including AI-powered local search interfaces.

Investing for growth

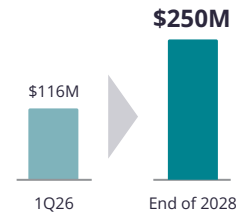
In recent years, we have delivered strong profitability through our product-led strategy as we held overall headcount approximately flat. In 2026, we are investing behind high-return areas that we believe will transform Yelp and reaccelerate growth. In particular, we see an opportunity to drive significant growth in our other revenue line, through AI-driven offerings such as Yelp Host, Hatch, and data licensing. As these accretive revenue streams continue to gain traction, **we are targeting an annual run rate of \$250 million in other revenue by the end of 2028, more than double the \$116 million annual run rate delivered in the first quarter of this year.**

At the same time, we see substantial opportunities to unlock operational efficiencies and increase employee productivity with AI, giving us greater confidence in the margin potential of our business. As a result of these top and bottom line efforts, **we believe we can drive strong growth in adjusted EBITDA margin over the next several years.**

Lastly, **stock-based compensation (“SBC”) as a percentage of revenue decreased by two percentage points year over year to 8% in the first quarter.** We expect that the impact of our efforts to reduce SBC, coupled with continued share repurchases, will stack over time and benefit GAAP profitability in the years to come, particularly earnings per share, which was \$0.30 on a diluted basis in the first quarter. **We also continue to expect that we will reduce SBC to less than 6% of revenue by the end of 2027.**

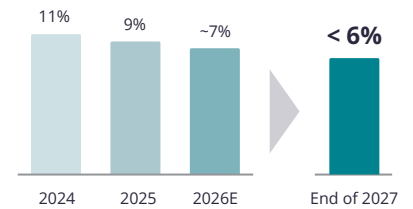
We are targeting an annual run rate of \$250 million

Other Revenue Annual Run Rate

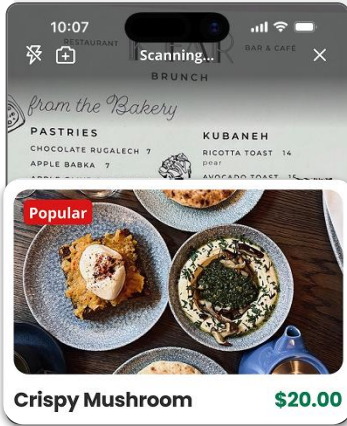


Committed to reducing SBC as a percentage of revenue

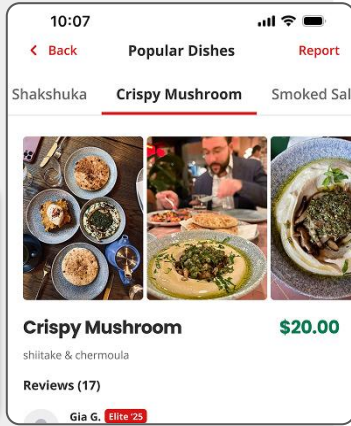
Stock-based Compensation Expense, % of Revenue



Product innovation highlights



We enhanced our **Menu Vision** feature to be even more **visual and detail rich**



Sponsored Results

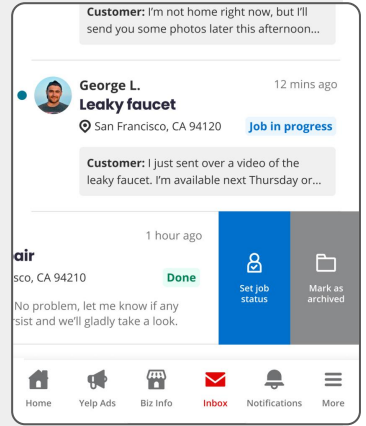


All Results

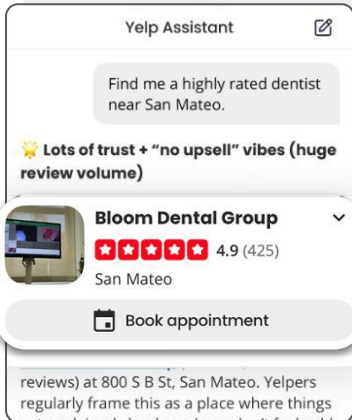


Without ad With ad

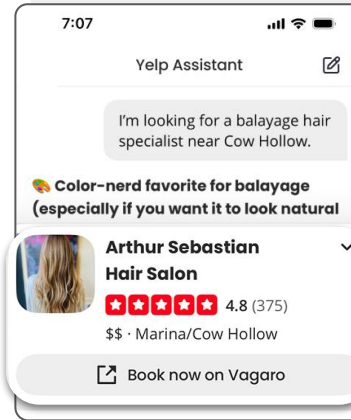
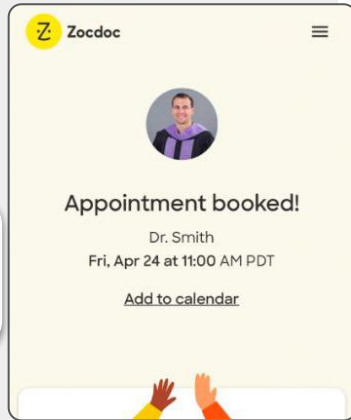
[View as customer](#)



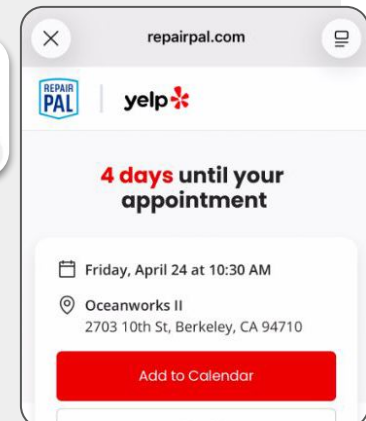
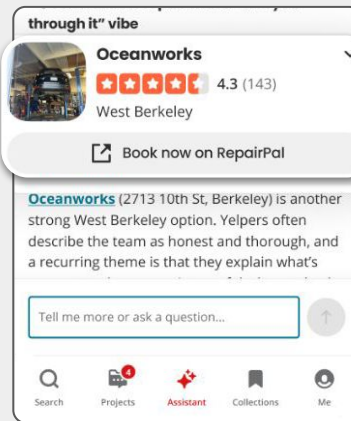
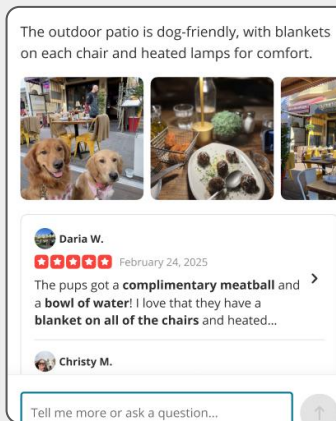
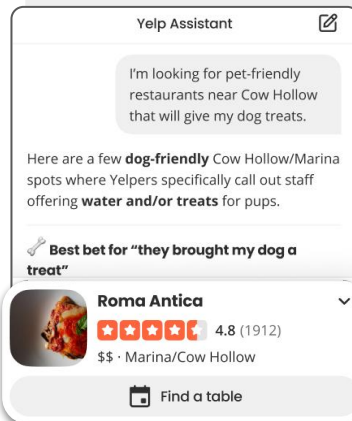
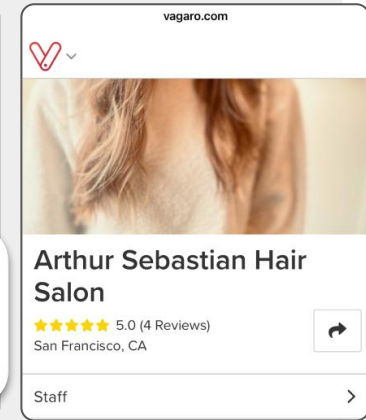
We added new tools for advertisers to **reach the right customers effectively**



We announced an integration with **Zocdoc**, enabling users to **book healthcare appointments**



We announced an integration with **Vagaro**, enabling users to **book beauty, wellness and fitness appointments**



The **new Yelp Assistant** now supports local discovery across **every business category on Yelp**

Prudent capital allocation

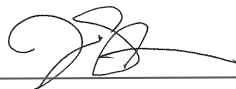
As we work to transform the way consumers and businesses interact through Yelp, our approach to capital allocation remains focused on three priorities: investing in additional strategic transactions, driving traffic acquisition, and returning excess capital to shareholders through share repurchases.

In the first quarter, we repurchased \$125 million worth of shares at an average purchase price of \$24.58 per share, reflecting our disciplined approach and contributing to a 12% year-over-year decline in diluted shares outstanding. As of March 31, 2026, we had \$414 million remaining under our existing repurchase authorization. We plan to continue repurchasing shares in 2026, subject to market and economic conditions.

In summary,

We continued to make significant progress transforming Yelp with AI in the first quarter, as we focused on deepening the connection between consumers and businesses. **We are confident in our plans for the year and believe that our strategic initiatives will position us to drive long-term profitable growth.**

Sincerely,

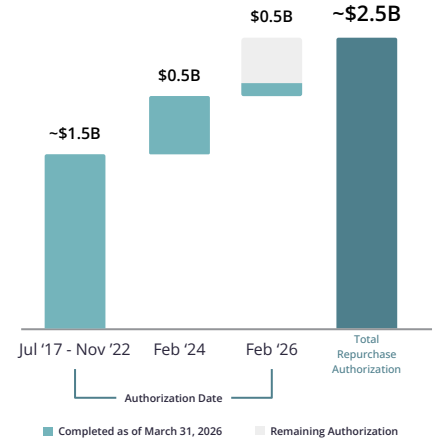


Jeremy Stoppelman



David Schwarzbach

Prudent Capital Allocation



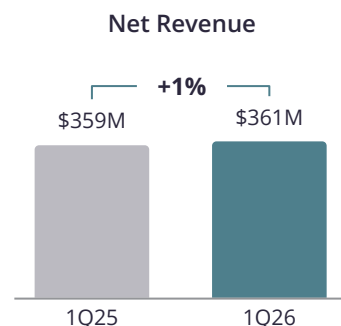
First Quarter 2026 Financial Review

Revenue

Net revenue was \$361 million in the first quarter of 2026, up 1% from the first quarter of 2025 and \$6 million above the high end of our first quarter outlook range.

Advertising revenue was \$332 million in the first quarter of 2026, down 3% from the first quarter of 2025, primarily due to a decrease in revenue from RR&O businesses, partially offset by an increase in revenue from Services businesses. The decrease in RR&O revenue was driven by a decrease in ad clicks, partially offset by an increase in average CPC. The increase in Services revenue was driven by an increase in ad clicks, partially offset by a decrease in average CPC.

Other revenue was \$29 million in the first quarter of 2026, up 75% from the first quarter of 2025. The increase was primarily due to the addition of revenue from Hatch, an increase in revenue from our Yelp Places API program, and food ordering partnerships.



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Net Revenue by Product (In thousands; unaudited)

	Three Months Ended March 31,	
	2026	2025
Net revenue by product:		
Advertising revenue by category:		
Services	\$ 233,786	\$ 231,576
Restaurants, Retail & Other	98,702	110,425
Total Advertising	332,488	342,001
Other	28,969	16,533
Total net revenue	\$ 361,457	\$ 358,534

Operating expenses, net income & adjusted EBITDA

Cost of revenue (exclusive of depreciation and amortization) was \$38 million in the first quarter of 2026, up 10% from the first quarter of 2025. The increase was driven by higher website infrastructure expenses resulting from maintaining and improving our infrastructure, including the integration of AI products, as well as additional infrastructure expenses due to our acquisition of Hatch. These increases were partially offset by a decrease in advertising fulfillment costs, largely attributable to lower Yelp Audiences spend.

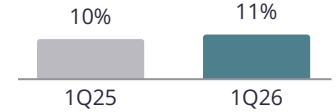
Sales and marketing expenses were \$153 million in the first quarter of 2026, up 5% from the first quarter of 2025. The increase was primarily driven by increased spend on consumer and business owner marketing, as well as increased sales and marketing employee-related costs, primarily resulting from higher average headcount in sales and marketing roles, including headcount from the acquisition of Hatch.

Product development expenses were \$77 million in the first quarter of 2026, down 8% from the first quarter of 2025. The decrease was primarily driven by lower employee-related costs resulting from more employee costs being capitalized, a higher proportion of employee work directed toward infrastructure enhancements (resulting in more costs included in cost of revenue), and lower cost of labor, partially offset by additional headcount related to the Hatch acquisition.

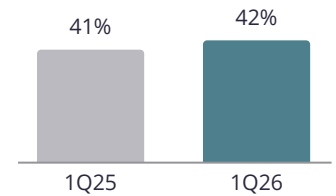
General and administrative expenses were \$49 million in the first quarter of 2026, down 5% from the first quarter of 2025. The decrease was primarily driven by lower indemnifiable expenses related to the RepairPal acquisition, a reduction in our provision for credit losses and decreased SBC expense. These decreases were partially offset by an increase in acquisition and integration costs in connection with our acquisition of Hatch.

Depreciation and amortization expenses were \$16 million in the first quarter of 2026, up 31% from the first quarter of 2025. The increase was primarily attributable to intangible assets acquired in the Hatch acquisition and higher capitalized website and internal-use software development costs.

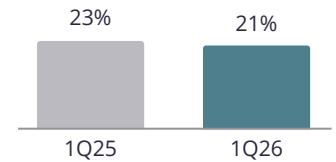
COR % of Revenue



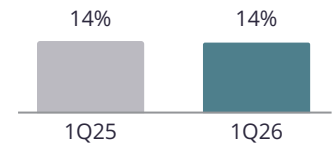
S&M % of Revenue



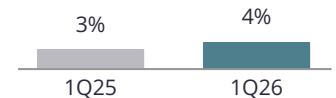
PD % of Revenue



G&A % of Revenue



D&A % of Revenue



Total costs and expenses were \$334 million in the first quarter of 2026, up 2% from the first quarter of 2025.

Other income, net was \$3 million in the first quarter of 2026, down 55% from the first quarter of 2025. The decrease was driven by lower interest income as a result of lower average cash, cash equivalents, and marketable securities balances and lower interest rates, as well as due to an increase in interest expense related to the credit facility borrowings incurred during the current period.

Provision for income taxes was \$12 million in the first quarter of 2026, up 12% from the first quarter of 2025. The increase was primarily driven by an increase in the discrete tax expense primarily related to SBC expense.

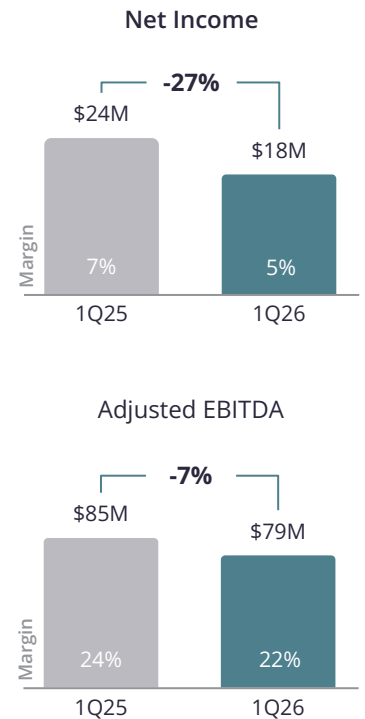
Net income was \$18 million in the first quarter of 2026, down 27% from the first quarter of 2025. Net income margin decreased two percentage points from the first quarter of 2025 to 5% in the first quarter of 2026.

Diluted net income per share was \$0.30 in the first quarter of 2026, down from \$0.36 in the first quarter of 2025, reflecting the decrease in net income, partially offset by the decrease in weighted-average diluted shares outstanding.

Adjusted EBITDA was \$79 million in the first quarter of 2026, down 7% from the first quarter of 2025. Adjusted EBITDA margin decreased two percentage points from the first quarter of 2025 to 22%.

Balance sheet

At the end of March 2026, **we held \$110 million in cash and cash equivalents on our condensed consolidated balance sheets, and \$130 million in net borrowings under our credit facility.**



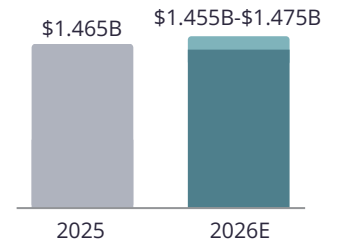
Business Outlook

We anticipate that the challenging economic environment for local businesses will persist into the second quarter and continue impacting advertising revenue across categories. At the same time, we expect our investments in our strategic initiatives to drive strong growth in other revenue. As a result, we anticipate second quarter net revenue will be in the range of \$363 million to \$368 million.

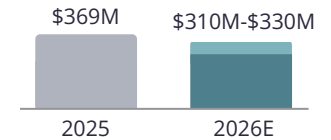
For the full year, we continue to expect net revenue will be in the range of \$1.455 billion to \$1.475 billion.

Turning to margin, we expect expenses will increase sequentially as we invest in our AI transformation and increase marketing spend. As a result, we anticipate second quarter adjusted EBITDA will be in the range of \$70 million to \$75 million. **For the full year, we continue to expect adjusted EBITDA will be in the range of \$310 million to \$330 million.** For the second quarter and full year, our expected adjusted EBITDA ranges exclude accrued acquisition and integration-related payments for continuing Hatch employees of approximately \$4 million and \$13 million, respectively, which we do not believe are indicative of our ongoing operating performance.

Net Revenue Outlook



Adjusted EBITDA Outlook



	Second Quarter 2026	Full Year 2026
Net revenue	\$363M to \$368M	\$1.455B to \$1.475B
Adjusted EBITDA*	\$70M to \$75M	\$310M to \$330M
Stock-based compensation expense as a % of Net revenue	~8%	~7%
Depreciation and amortization as a % of Net revenue	~5%	~4%

* Yelp has not reconciled its Adjusted EBITDA outlook to Net income (loss) under GAAP because it does not provide an outlook for GAAP Net income (loss) due to the uncertainty and potential variability of Other income, net and Provision for (benefit from) income taxes, which are reconciling items between Adjusted EBITDA and GAAP Net income (loss). Because Yelp cannot reasonably predict such items, a reconciliation of the non-GAAP financial measure outlook to the corresponding GAAP measure is not available without unreasonable effort. We caution, however, that such items could have a significant impact on the calculation of GAAP Net income (loss). For more information regarding the non-GAAP financial measures discussed in this release, please see "Non-GAAP Financial Measures" and "Reconciliation of GAAP to Non-GAAP Financial Measures" below.

Quarterly Earnings Webcast

Yelp will host a live webcast today at 2:00 p.m. PDT to discuss the first quarter 2026 financial results and outlook for the second quarter and full year 2026. The webcast can be accessed on the Yelp Investor Relations website at yelp-ir.com. A replay of the webcast will be available at the same website.

About Yelp

Yelp Inc. (yelp.com) is a community-driven platform that connects people with great local businesses. Millions rely on Yelp to inform their spending decisions and get things done. By combining authentic human content and AI technologies, including the new Yelp Assistant, Yelp helps people move seamlessly from discovery to taking action, whether it's requesting quotes, making reservations, ordering food, scheduling appointments, or connecting with the right businesses for their needs. Yelp was founded in San Francisco in 2004.

Condensed Consolidated Balance Sheets

(In thousands; unaudited)

	March 31, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 110,412	\$ 216,062
Short-term marketable securities	—	103,290
Accounts receivable, net	152,211	153,224
Prepaid expenses and other current assets	39,409	42,359
Total current assets	302,032	514,935
Property, equipment and software, net	95,368	91,685
Operating lease right-of-use assets	17,371	16,046
Goodwill	355,625	135,847
Intangibles, net	98,773	49,038
Other non-current assets	144,129	150,927
Total assets	\$ 1,013,298	\$ 958,478
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 155,031	\$ 158,789
Operating lease liabilities — current	7,063	7,426
Deferred revenue	11,628	5,845
Total current liabilities	173,722	172,060
Revolving credit facility	130,000	—
Operating lease liabilities — long-term	17,861	17,451
Other long-term liabilities	60,626	58,115
Total liabilities	382,209	247,626
Stockholders' equity:		
Preferred stock	—	—
Common stock	—	—
Additional paid-in capital	2,041,401	2,010,948
Treasury stock	(6,264)	(999)
Accumulated other comprehensive loss	(9,601)	(7,677)
Accumulated deficit	(1,394,447)	(1,291,420)
Total stockholders' equity	631,089	710,852
Total liabilities and stockholders' equity	\$ 1,013,298	\$ 958,478

Condensed Consolidated Statements of Operations

(In thousands, except per share data; unaudited)

	Three Months Ended March 31,	
	2026	2025
Net revenue	\$ 361,457	\$ 358,534
Costs and expenses:		
Cost of revenue ¹	38,409	34,828
Sales and marketing ¹	153,010	146,284
Product development ¹	77,157	83,905
General and administrative ¹	49,350	51,707
Depreciation and amortization	16,233	12,350
Total costs and expenses	334,159	329,074
Income from operations	27,298	29,460
Other income, net	2,586	5,771
Income before income taxes	29,884	35,231
Provision for income taxes	12,149	10,840
Net income attributable to common stockholders	\$ 17,735	\$ 24,391
Net income per share attributable to common stockholders:		
Basic	\$ 0.30	\$ 0.37
Diluted	\$ 0.30	\$ 0.36
Weighted-average shares used to compute net income per share attributable to common stockholders:		
Basic	58,816	65,261
Diluted	59,374	67,324
¹ Includes stock-based compensation expense as follows:		
	Three Months Ended March 31,	
	2026	2025
Cost of revenue	\$ 1,140	\$ 1,171
Sales and marketing	6,454	7,639
Product development	14,710	19,409
General and administrative	8,203	9,250
Total stock-based compensation	\$ 30,507	\$ 37,469

Condensed Consolidated Statements of Cash Flows

(In thousands; unaudited)

	Three Months Ended March 31,	
	2026	2025
Operating Activities		
Net income	\$ 17,735	\$ 24,391
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,233	12,350
Provision for credit losses	9,438	10,559
Stock-based compensation	30,507	37,469
Amortization of right-of-use assets	1,703	3,440
Deferred income taxes	9,705	3,287
Amortization of deferred contract cost	5,559	6,013
Other adjustments, net	1,298	1,252
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	(8,015)	(13,998)
Prepaid expenses and other assets	(14,727)	(617)
Operating lease liabilities	(2,814)	(9,902)
Accounts payable, accrued liabilities and other liabilities	(8,806)	23,751
Net cash provided by operating activities	57,816	97,995
Investing Activities		
Purchases of marketable securities	(5,975)	(15,134)
Sales and maturities of marketable securities	109,293	13,610
Maturities of other investments	5,000	—
Acquisition, net of cash received	(263,600)	—
Purchases of property, equipment and software	(12,660)	(10,531)
Other investing activities	61	52
Net cash used in investing activities	(167,881)	(12,003)
Financing Activities		
Proceeds from issuance of common stock for employee stock-based plans	8,726	273
Taxes paid related to the net share settlement of equity awards	(9,792)	(19,486)
Repurchases of common stock	(124,001)	(62,500)
Proceeds from revolving credit facility	165,000	—
Repayments on revolving credit facility	(35,000)	—
Other financing activities	(18)	—
Net cash provided by (used in) financing activities	4,915	(81,713)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(267)	652
Change in cash, cash equivalents and restricted cash	(105,417)	4,931
Cash, cash equivalents and restricted cash — Beginning of period	216,289	217,682
Cash, cash equivalents and restricted cash — End of period	<u>\$ 110,872</u>	<u>\$ 222,613</u>

Reconciliation of GAAP to Non-GAAP Financial Measures

(In thousands, except percentages; unaudited)

	Three Months Ended March 31,	
	2026	2025
Reconciliation of Net Income to Adjusted EBITDA:		
Net income	\$ 17,735	\$ 24,391
Provision for income taxes	12,149	10,840
Other income, net	(2,586)	(5,771)
Depreciation and amortization	16,233	12,350
Stock-based compensation	30,507	37,469
Indemnifiable expenses ^{1,2}	896	5,126
Acquisition and integration costs ^{1,3}	4,420	539
Adjusted EBITDA	\$ 79,354	\$ 84,944
Net revenue	\$ 361,457	\$ 358,534
Net income margin	5 %	7 %
Adjusted EBITDA margin	22 %	24 %

¹ Recorded within general and administrative expenses on our condensed consolidated statements of operations.

² Represents expenses for which we expect to be indemnified in connection with our acquisition of RepairPal. Indemnifiable expenses during the three months ended March 31, 2025 consist of expenses recorded in connection with an indemnification obligation assumed in the RepairPal acquisition, for which we were subsequently indemnified through the release of a portion of the RepairPal holdback.

³ Acquisition and integration costs during the three months ended March 31, 2026 represent costs related to the Hatch acquisition and include accrued acquisition- and integration-related compensation. Acquisition and integration costs during the three months ended March 31, 2025 represent costs related to the RepairPal acquisition.

	Three Months Ended March 31,	
	2026	2025
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow:		
Net cash provided by operating activities	\$ 57,816	\$ 97,995
Purchases of property, equipment and software	(12,660)	(10,531)
Free cash flow	\$ 45,156	\$ 87,464
Net cash used in investing activities	\$ (167,881)	\$ (12,003)
Net cash provided by (used in) financing activities	\$ 4,915	\$ (81,713)

Key Financial and Operational Metrics

(In thousands, except for percentages; unaudited)

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
Advertising Revenue by Category													
Services ¹	\$183,520	\$200,274	\$206,178	\$203,140	\$203,288	\$222,955	\$228,009	\$224,840	\$231,576	\$240,802	\$243,805	\$231,381	\$233,786
Restaurants, Retail & Other ²	\$113,623	\$121,698	\$123,854	\$124,231	\$114,350	\$118,383	\$116,397	\$120,798	\$110,425	\$112,895	\$113,547	\$106,829	\$98,702
Total Advertising Revenue	\$297,143	\$321,972	\$330,032	\$327,371	\$317,638	\$341,338	\$344,406	\$345,638	\$342,001	\$353,697	\$357,352	\$338,210	\$332,488
Paying Advertising Locations by Category³													
Services ¹	238	238	235	245	252	254	252	250	261	260	258	250	250
Restaurants, Retail & Other ²	316	325	326	299	278	277	272	271	256	255	254	246	235
Total Paying Advertising Locations	554	563	561	544	530	531	524	521	517	515	512	496	485
Year-over-Year Percentage Change in Ad Clicks & Average CPC													
Ad Clicks ⁴	1%	0%	9%	9%	8%	9%	2%	5%	-3%	-7%	-11%	-8%	-10%
Average CPC ⁵	14%	14%	4%	4%	-1%	-1%	3%	0%	9%	11%	14%	6%	8%

¹ Includes Home, Local, Auto, Professional, Pets, Real Estate, Financial and Event Services categories

² Includes Restaurants, Shopping, Beauty & Fitness, Health and Other categories

³ On a monthly average basis

⁴ 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. Ad clicks do not include user interactions with ads sold through our advertising partnerships.

⁵ We define Average CPC as revenue from our performance-based ad products — excluding revenue from our advertising partnerships as well as certain revenue adjustments that do not impact the outcome of an auction for an individual ad click, such as refunds — divided by the total number of ad clicks for a given period.

More information about the Company, including the Company's Key Operational and Financial Metrics definitions can be found in the Company's most recent Quarterly or Annual Report filed with the SEC, available at yelp-ir.com or the SEC's website at sec.gov.

Non-GAAP Financial Measures

This letter and statements made during the above referenced webcast may include information relating to Adjusted EBITDA, Adjusted EBITDA margin and Free cash flow, each of which is a “non-GAAP financial measure.”

We define Adjusted EBITDA 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 operating income and expense items, such as expenses for which we expect to be indemnified, acquisition and integration costs, and other items that we deem not to be indicative of our ongoing operating performance. We define Adjusted EBITDA margin as Adjusted EBITDA divided by net revenue. We define Free cash flow as net cash provided by (used in) operating activities, less cash used for purchases of property, equipment and software.

Adjusted EBITDA and Free cash flow, which are not prepared under any comprehensive set of accounting rules or principles, have limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of Yelp’s financial results as reported in accordance with 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, Yelp’s 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 Yelp;
- ▶ Adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;

- ▶ Adjusted EBITDA does not take into account certain other operating income and expense items, such as indemnifiable expenses, acquisition and integration costs, or other costs that management determines are not indicative of our 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 Yelp’s 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 Yelp’s other GAAP results.

Forward-Looking Statements

This letter contains, and statements made during the above-referenced webcast will contain, forward-looking statements relating to, among other things, the future performance of Yelp and its consolidated subsidiaries, that are based on Yelp’s current expectations, forecasts and assumptions and involve risks and uncertainties. These statements include, but are not limited to, statements regarding: Yelp’s expected financial and operational results, including its expectations regarding other revenue growth; Yelp’s plans and ability to drive profitable growth in 2026 and the long term as well as to accelerate its AI transformation; Yelp’s expectations regarding market opportunities and its ability to meaningfully capture them, the drivers of its business performance and the timing of expenses; Yelp’s plans for and ability to execute on its strategic initiatives, particularly its AI transformation, as well as the expected results thereof; Yelp’s product roadmap, planned investments therein, and expected benefits therefrom; Yelp’s integration of Hatch and its plans for strategic acquisitions, the impact of such acquisitions and their expected benefits; Yelp’s expectations regarding its ability to achieve operational efficiencies and increases in employee productivity with AI, as well as the benefits thereof; Yelp’s plans to reduce SBC expense as a percentage of revenue and the expected benefits therefrom; Yelp’s expectations regarding its share repurchase program; and Yelp’s expectations with respect to trends that will continue to impact its results of operations.

Yelp's actual results could differ materially from those predicted or implied by such forward-looking statements and reported results should not be considered as an indication of future performance. Factors that could cause or contribute to such differences include, but are not limited to:

- ▶ Adverse macroeconomic conditions — particularly those affecting local economies — and their impact on consumer behavior and advertiser spending;
- ▶ Yelp's ability to maintain and expand its advertiser base;
- ▶ Yelp's ability to execute on its strategic initiatives, including its AI transformation, and the effectiveness thereof;
- ▶ Yelp's reliance on internet search engines and application marketplaces, certain providers of which offer products and services that compete directly with its products;
- ▶ Yelp's ability to successfully manage acquisitions of new businesses, solutions or technologies, such as Hatch, to successfully integrate those businesses, solutions or technologies, and to monetize such acquired products, solutions or technologies;
- ▶ Yelp's ability to continue to effectively operate with a remote work force and attract and retain key talent;
- ▶ Yelp's reliance on third-party service providers and strategic partners;
- ▶ Competition in, and the rapid evolution of, Yelp's industry;
- ▶ Yelp's ability to generate and maintain sufficient high-quality content from its users;
- ▶ Yelp's ability to maintain, protect and enhance its brand; and
- ▶ Yelp's ability to maintain the uninterrupted and proper operation of its technology and network infrastructure.

Factors that could cause or contribute to such differences also include, but are not limited to, those factors that could affect Yelp's business, operating results and stock price included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Yelp's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q at yelp-ir.com or the SEC's website at sec.gov.

Undue reliance should not be placed on the forward-looking statements in this letter or the above-referenced webcast, which are based on information available to Yelp on the date hereof. Such forward-looking statements do not include the potential impact of any acquisitions or divestitures that may be announced and/or completed after the date hereof. Yelp assumes no obligation to update such statements.