

A woman with dark hair tied in a bun, wearing a white long-sleeved shirt and blue denim overalls, is crouching on a wooden floor in an art studio. She is painting a large, rectangular canvas that is lying flat on the floor. She holds a paintbrush in her right hand and is applying paint to the canvas. In the foreground, there are two small paint containers, one white and one blue, with paintbrushes resting in them. The studio is filled with various art supplies, including paint cans, brushes, and other canvases. In the background, there are several easels with paintings on them. One easel has a painting of a landscape with a house and mountains. Another easel has a painting of a sunset. The studio has large windows that let in bright sunlight, creating a warm and creative atmosphere.

Q3 2022 Investor Presentation

November 10, 2022

LegalZoom.com, Inc. Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts contained in this presentation may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this presentation include, but are not limited to, statements regarding our annual guidance and other long-term targets. The forward-looking statements in this presentation are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including but not limited to the following: the risk that our recent growth may not be indicative of our future growth; the impact of macroeconomic challenges, including as a result of inflation, global conflict, supply chain issues and recessionary concerns; fluctuations or declines in the number of business formations; our ability to provide high-quality services, customer care and customer experience and add new services that meet our customers’ expectations; our ability to sustain our revenue growth rate and remain profitable in the future; our anticipation of increasing expenses in the future; our ability to attract and retain customers; our ability to continue to innovate and provide a platform that is useful to our customers; our dependence on business formations; our ability to attract and maintain subscribers and convert our transactional customers to subscribers; our ability to maintain and expand strategic relationships with third parties, changes in the U.S. legal and regulatory landscape; our ability to drive additional purchases and cross-sell to paying customers; the competitive legal solutions market; our ability to hire and retain top talent and motivate our employees and motivate our employees; risks and costs associated with complex and evolving laws and regulations; our ability to remediate material weaknesses in our internal control over financial reporting that we have previously identified; and other factors discussed in the section titled “Risk Factors” included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, as such risk factors may be amended, updated or superseded from time to time by our subsequent filings with the Securities and Exchange Commission. The forward-looking statements in this presentation are based upon information available to us as of the date of this presentation, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this presentation with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this presentation, whether as a result of any new information, future events or otherwise.



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About Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures including Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP net income (loss), non-GAAP net income (loss) margin, adjusted gross profit, adjusted gross profit margin, certain non-GAAP expenses (including non-GAAP cost of revenue, Non-GAAP sales and marketing, non-GAAP technology and development, and non-GAAP general and administrative), free cash flow, free cash flow margin, unlevered free cash flow, and unlevered free cash flow margin. To supplement our unaudited interim condensed consolidated financial statements, which are prepared and presented in accordance with U.S. generally accepted accounting principles, or GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different from similarly titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and liquidity and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We believe that these non-GAAP financial measures provide useful information about our financial performance and liquidity, enhance the overall understanding of our past performance and future prospects and allow for greater transparency with respect to important measures used by our management for financial and operational decision-making. We are presenting these non-GAAP measures to assist investors in seeing our financial performance using a management view and because we believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry. The tables in the Appendix contain more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures. In addition, please see our earnings release and our filings with the SEC for the definitions of these non-GAAP financial measures and limitations on the use of such non-GAAP financial measures.





GENNA WILLIAMS

Our mission is to
democratize law



**We protect businesses, their ideas,
and the families that create them**

BUSINESS FORMATION | INTELLECTUAL PROPERTY | ESTATE PLANNING

Key Pain Points

Legal matters are difficult to navigate on your own

Expertise is expensive and difficult to find

Remaining compliant is a complex, evergreen problem

LegalZoom

The easiest way to form, protect,
and keep your business compliant

Formation Solutions

- Formation Package (LLC, INC, Non-Profit)
- DBAs and EINs
- Annual Reports, Operating Agreement

Compliance Solutions

- Registered Agent / Compliance
- Legal Expertise / Legal Forms
- Tax Expertise

Intellectual Property

- Trademarks
- Copyrights
- Patents

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min**

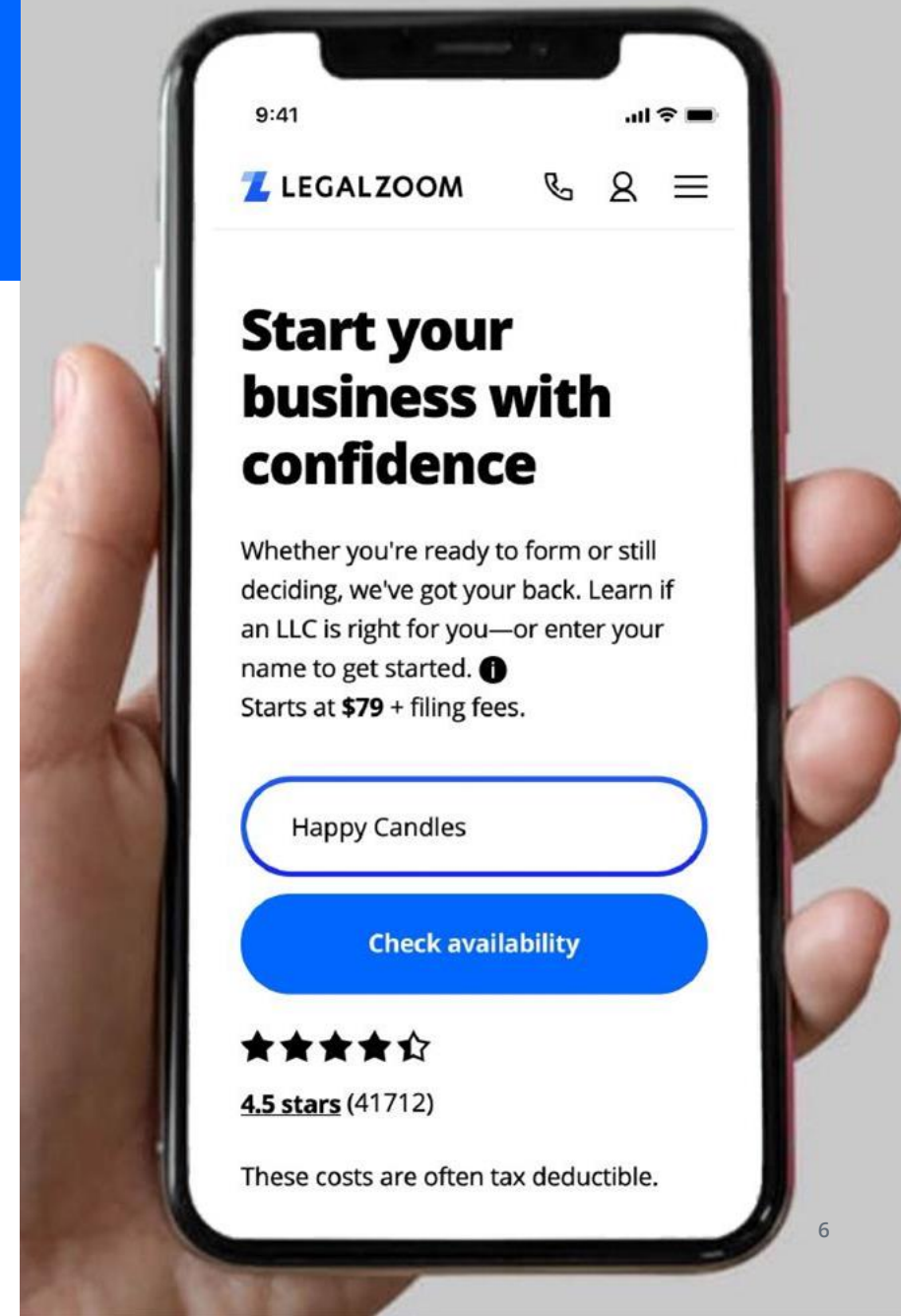
Designed to
take under 15
minutes to
complete

1.4M+

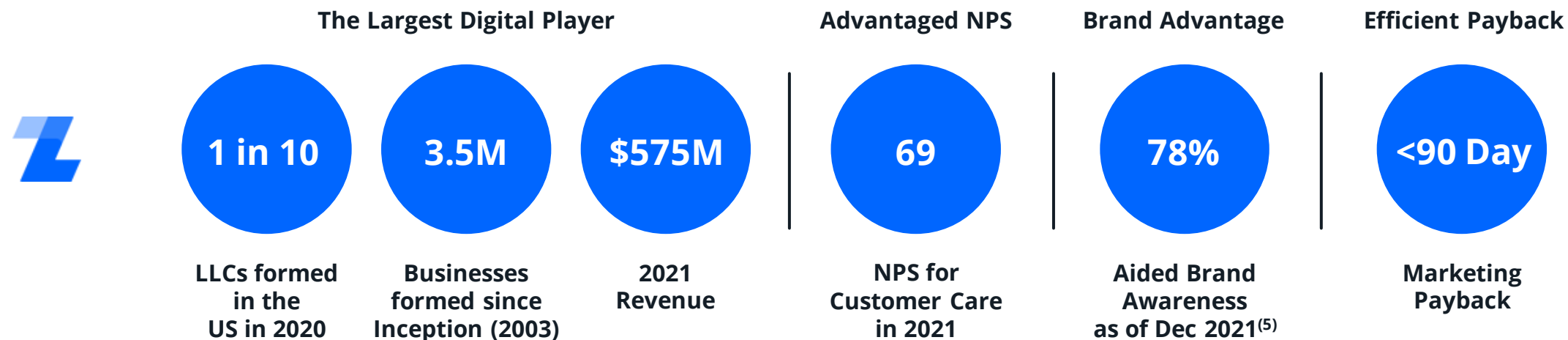
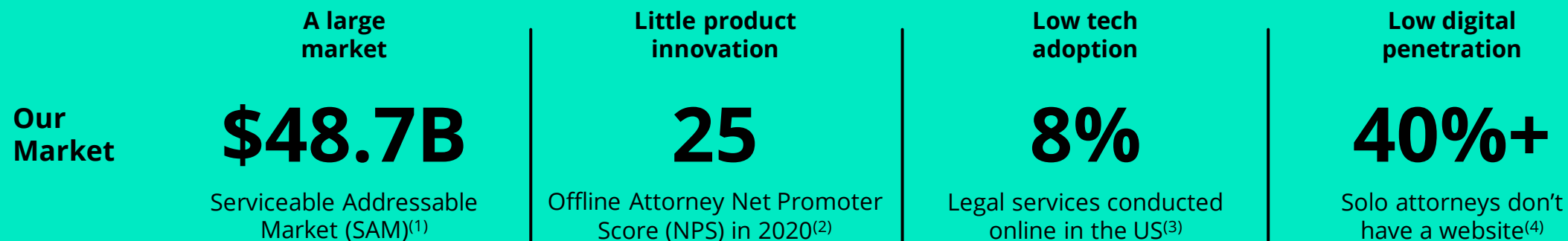
Active
subscribers of
compliance &
legal solutions
at 9/30/22

39K

Trademarks
filed in 2021



The legal / compliance opportunity is very clear, we believe we are in a strong position to realize it

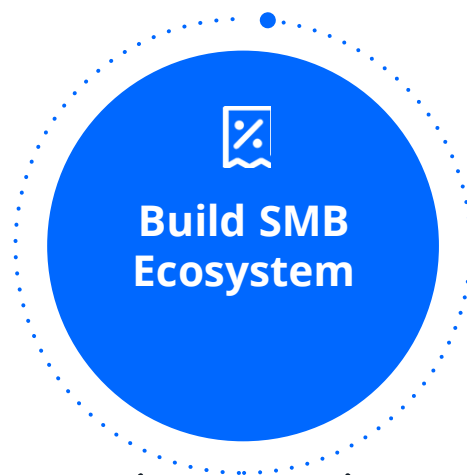


We have multiple ways to drive growth



**Core investments in
product / marketing / ops**

Accelerate growth and
increase share



**In-house
compliance**

**Partner SMB
services**

Improve Average Revenue per
Subscription Unit (ARPU)
and Partnerships Revenue



**Bundle attorneys with
formation products**

Increase Total Addressable
Market (TAM), conversion,
and Average Order Value (AOV)

Our management team is experienced in small business and consumer innovation at scale



Dan Wernikoff
Chief Executive Officer



Noel Watson
Chief Financial Officer



Sheily Chhabria Panchal
Chief People Officer



Rich Preece
Chief Operating & Product Officer



Nicole Miller
General Counsel



Shrisha Radhakrishna
Chief Technology Officer



Kathy Tsitovich
Chief Partnerships Officer



Financial Update





Quarterly Q3 2022 Snapshot

\$154M

total revenue

+4% yoy
+14% 3-yr CAGR

\$107M

adjusted gross profit⁽¹⁾

69% margin⁽¹⁾

\$18M

adjusted ebitda⁽¹⁾

11% margin⁽¹⁾

117K

business formations⁽²⁾

+3% yoy
+19% 3-yr CAGR

226K

transaction units

(1%) yoy

1,415K

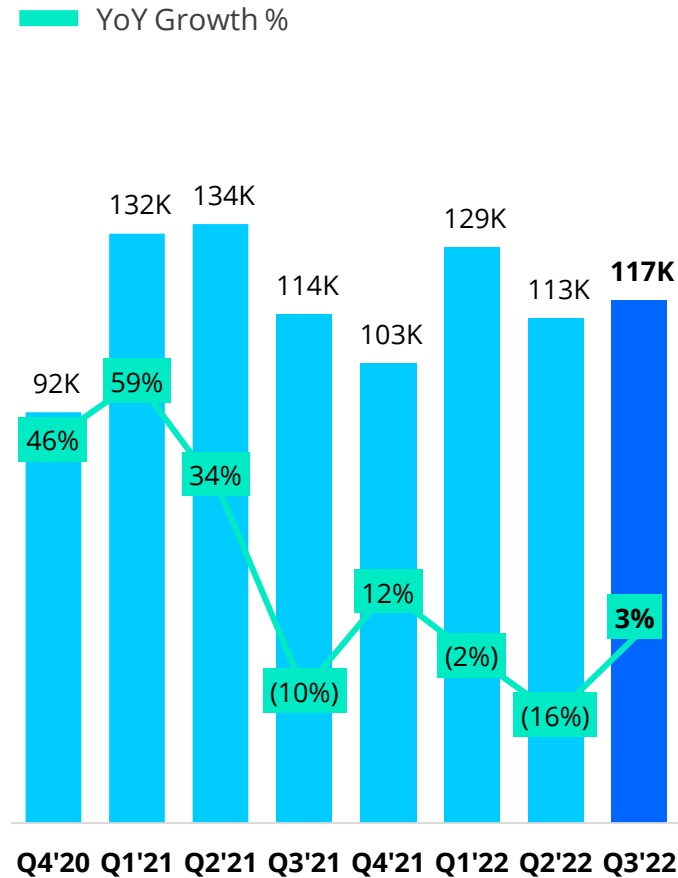
subscription units

+12% yoy

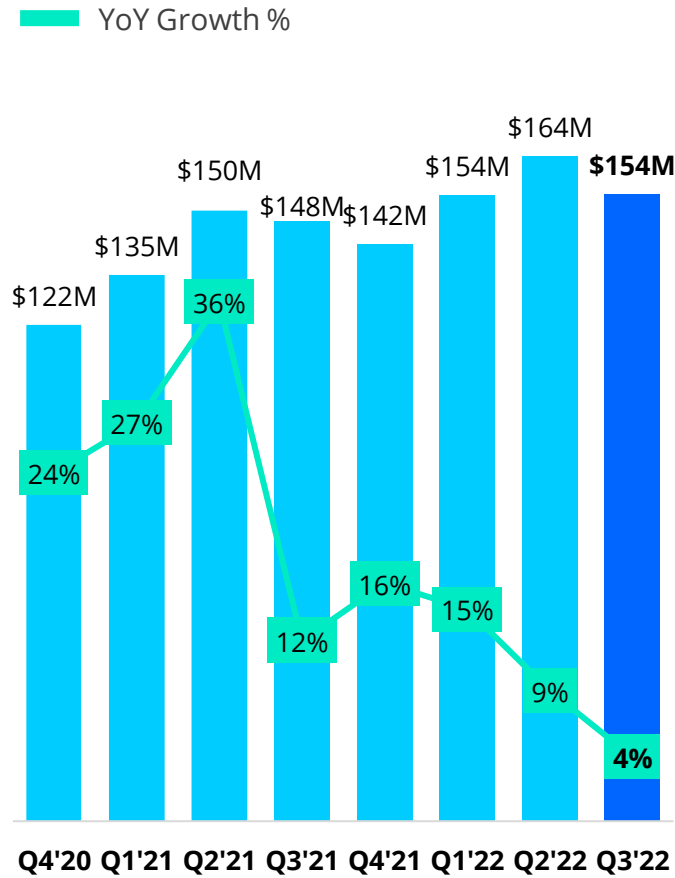
(1) This is a non-GAAP financial measure. Refer to the Appendix for a reconciliation of this measure to the most directly comparable GAAP measure.

Key Metrics

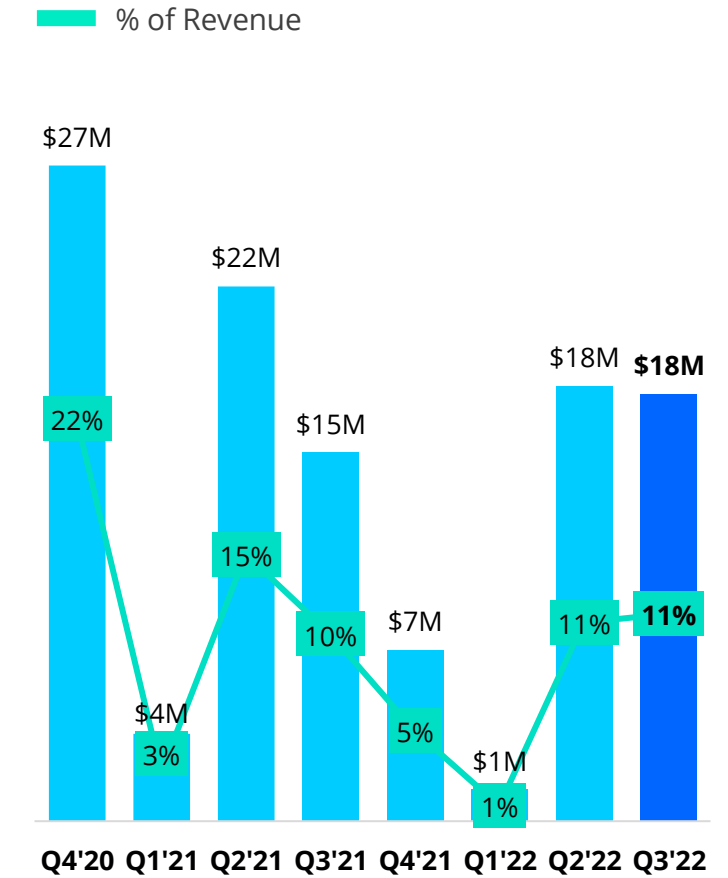
Business Formations⁽¹⁾



GAAP Revenue

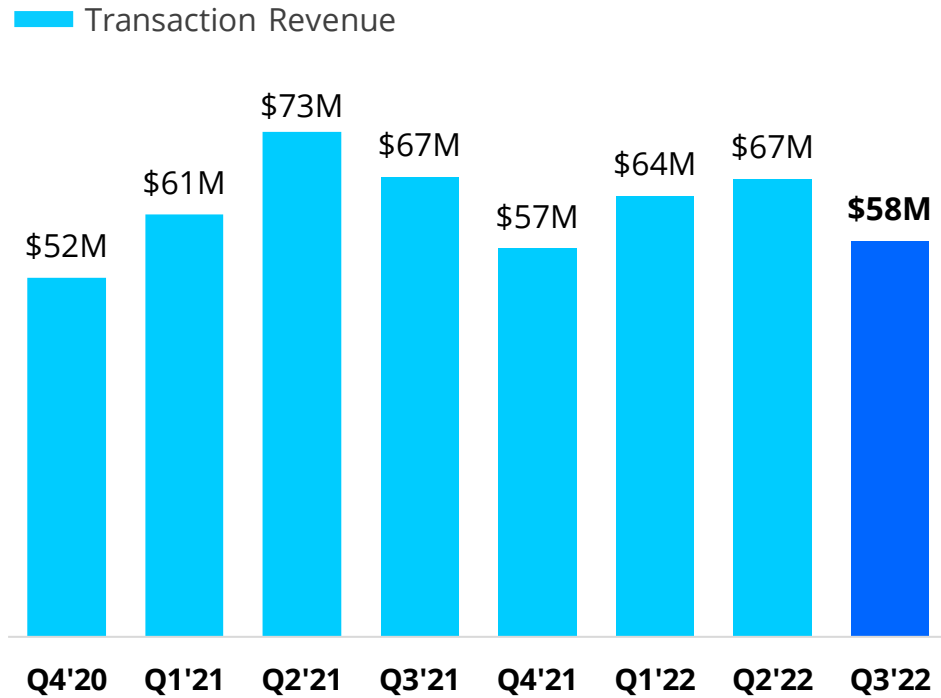


Adjusted EBITDA⁽²⁾

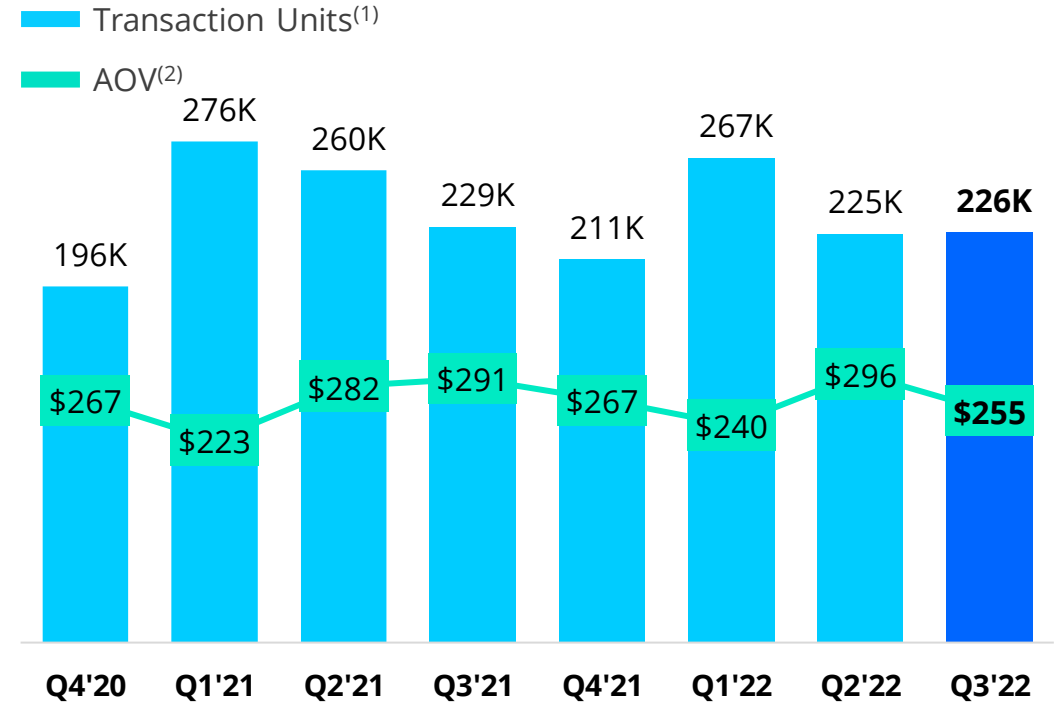


(1) We define the number of business formations in a given period as the number of LLC, incorporation, not-for-profit and DBA orders placed through our platform in such period, excluding such orders from our operations in the United Kingdom. (2) This is a non-GAAP measure. Refer to the Appendix for a reconciliation of this measure to the most directly comparable GAAP measure.

Transaction Revenue Details



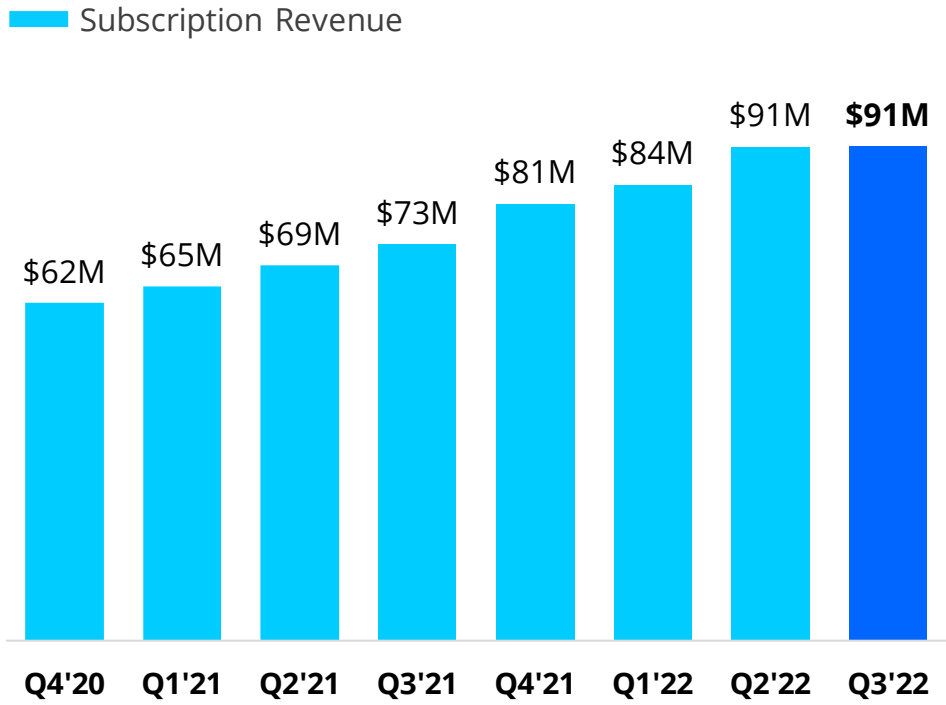
Year-over-year Growth %							
46%	35%	45%	5%	8%	4%	(9%)	(14%)



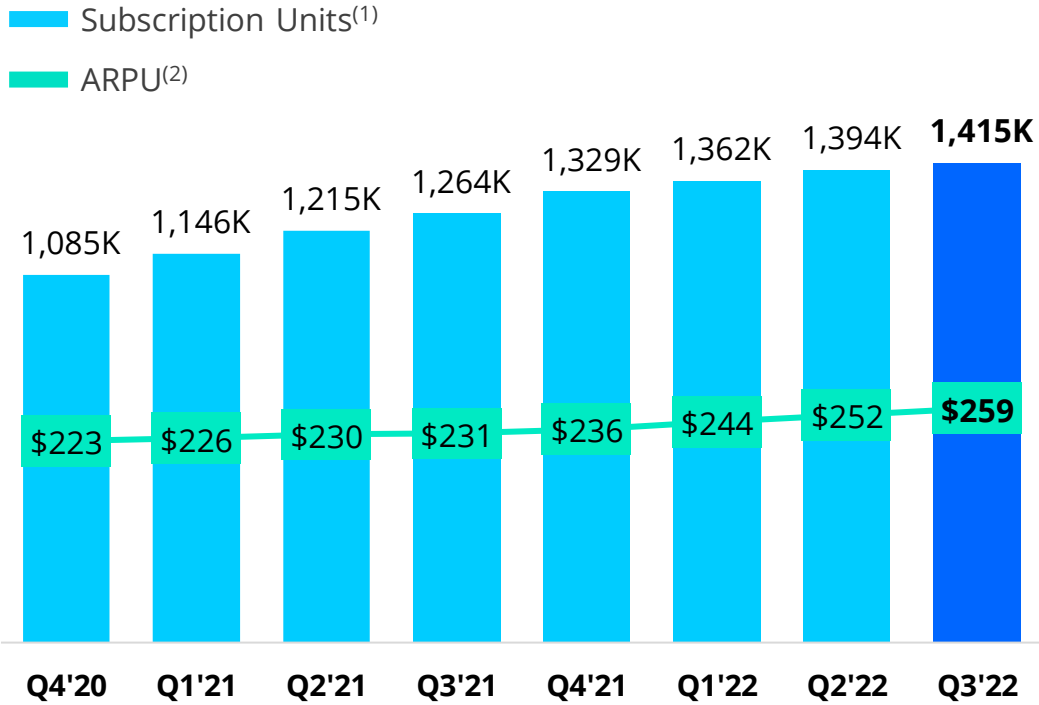
Year-over-year Growth %								
Trx Units	31%	31%	12%	(10%)	8%	(3%)	(13%)	(1%)
AOV	18%	6%	30%	16%	0%	8%	5%	(12%)

(1) We define the number of transaction units in a given period as gross transaction order volume, prior to refunds, on our platform during such period, excluding transactions from our subsidiary, Beaumont ABS Limited, which was divested in April 2020. Refunds, or partial refunds, may be issued under certain circumstances, pursuant to the terms of our customer satisfaction guarantee. (2) We define average order value for a given period as total transaction revenue divided by total number of transactions in such period, excluding revenue and related transactions from our subsidiary, Beaumont ABS Limited, which was divested in April 2020.

Subscription Revenue Details



Year-over-year Growth %							
14%	21%	29%	24%	29%	29%	32%	25%

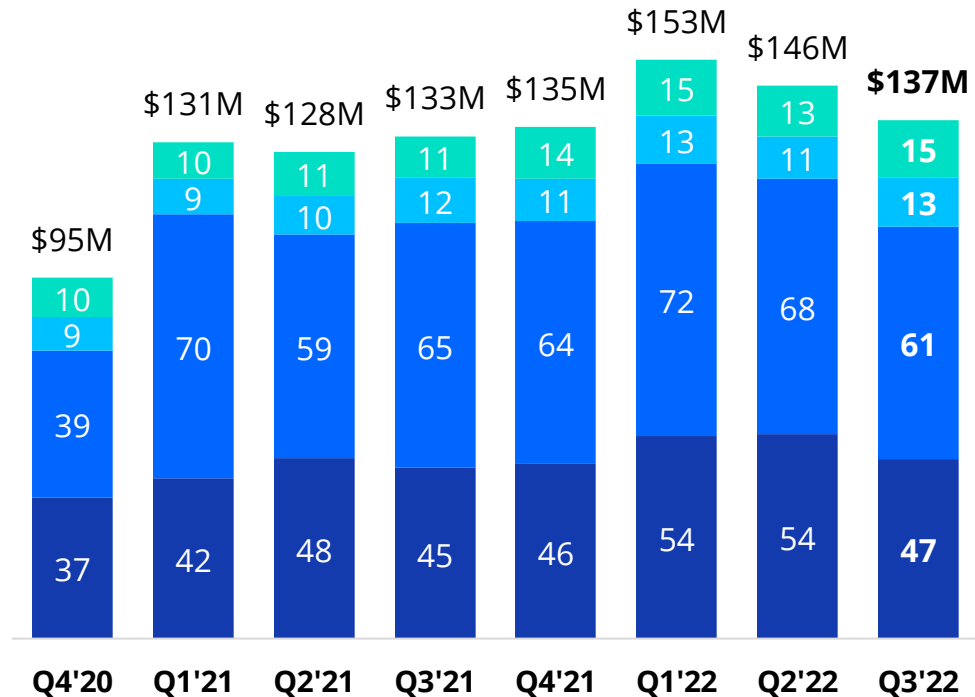


Year-over-year Growth %								
Sub Units	18%	22%	25%	21%	22%	19%	15%	12%
ARPU	1%	0%	3%	5%	6%	8%	10%	12%

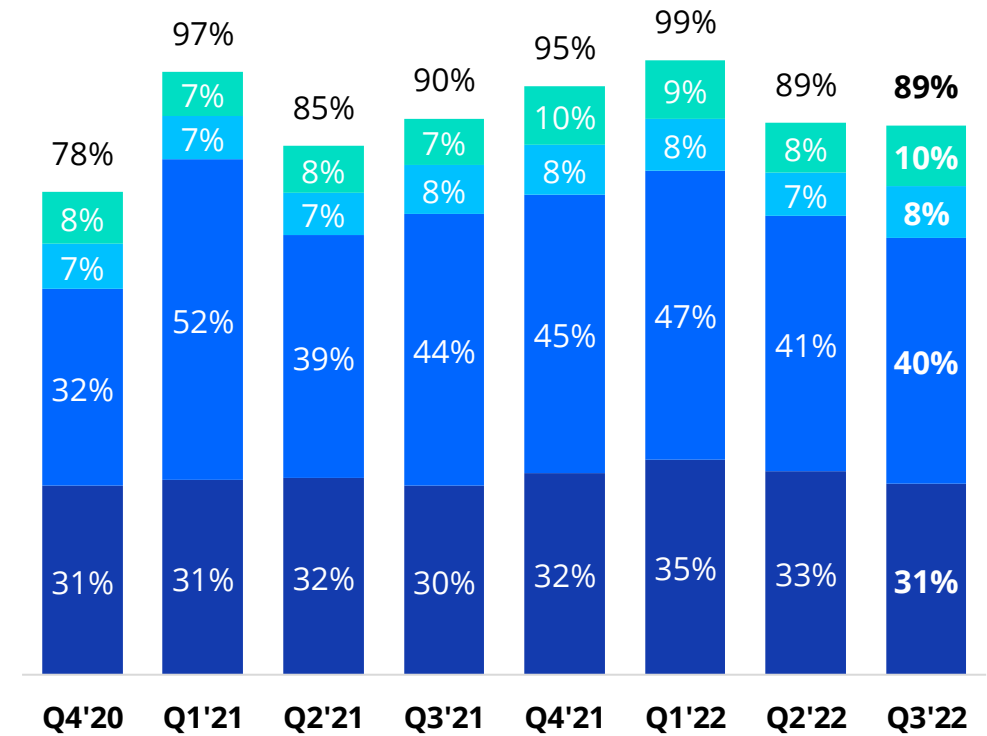
(1) We define the number of subscription units in a given period as the paid subscriptions that remain active at the end of such period, including those that are not yet 60 days past their subscription order dates, excluding subscriptions from our employer group legal plan and small business concierge subscription service, for which we ceased acquiring new subscribers in October 2020. Refunds, or partial refunds, may be issued under certain circumstances pursuant to the terms of our customer satisfaction guarantee. (2) We define average revenue per subscription unit, or ARPU, as of a given date as subscription revenue for the 12-month period ended on such date, or LTM, divided by the average number of subscription units at the beginning and end of the LTM period, excluding revenue and subscription units from our employer group legal plan and small business concierge subscription services, for which we ceased acquiring new subscribers in October 2020.

Non-GAAP Expenses⁽¹⁾

\$M by Spend Category



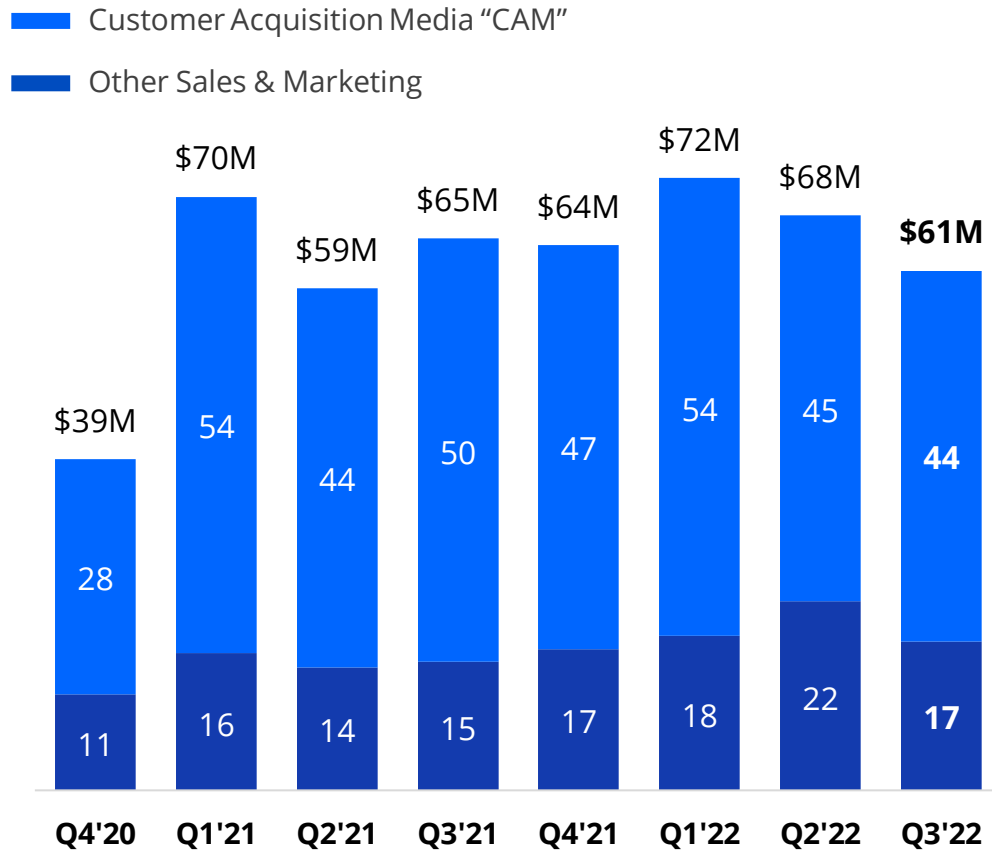
% of Revenue by Spend Category



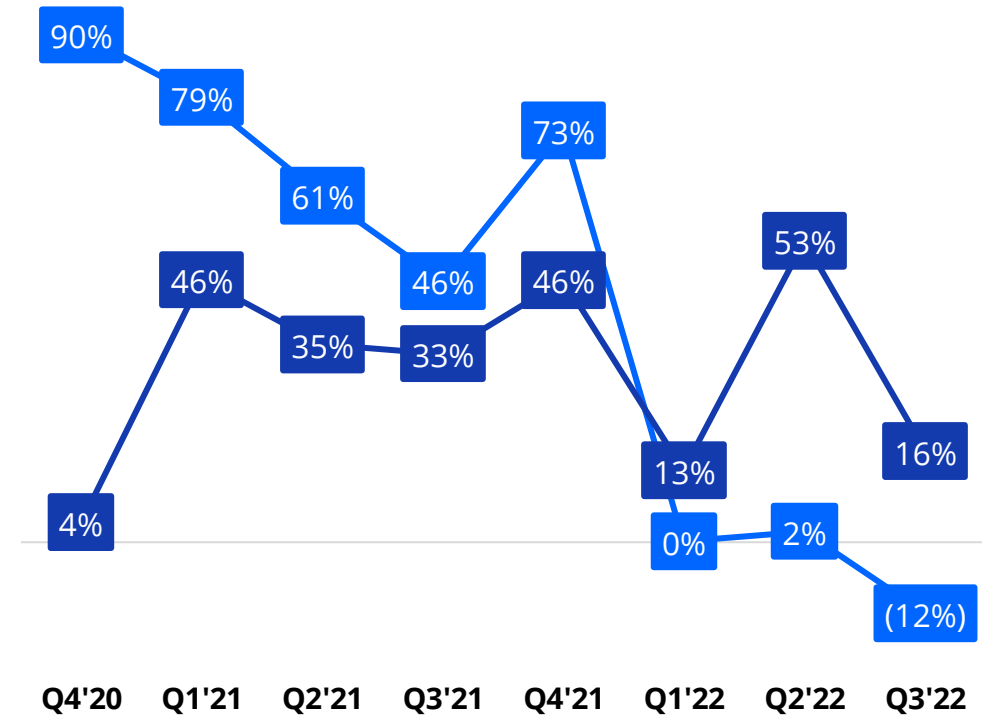
(1) These are non-GAAP financial measures. Refer to the Appendix for a reconciliation of these measures to the most directly comparable GAAP measures.

Non-GAAP Sales & Marketing Detail⁽¹⁾

\$M by Category



% YoY Growth by Category

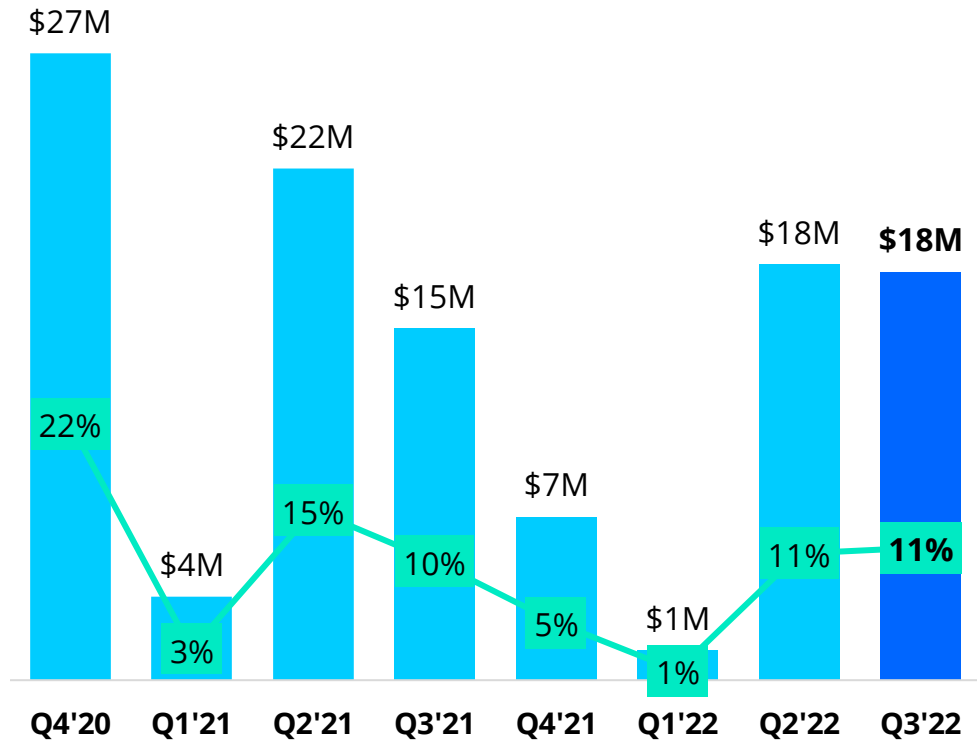


(1) This is a non-GAAP financial measure. Refer to the Appendix for a reconciliation of this measure to the most directly comparable GAAP measure.


Profitability Metrics

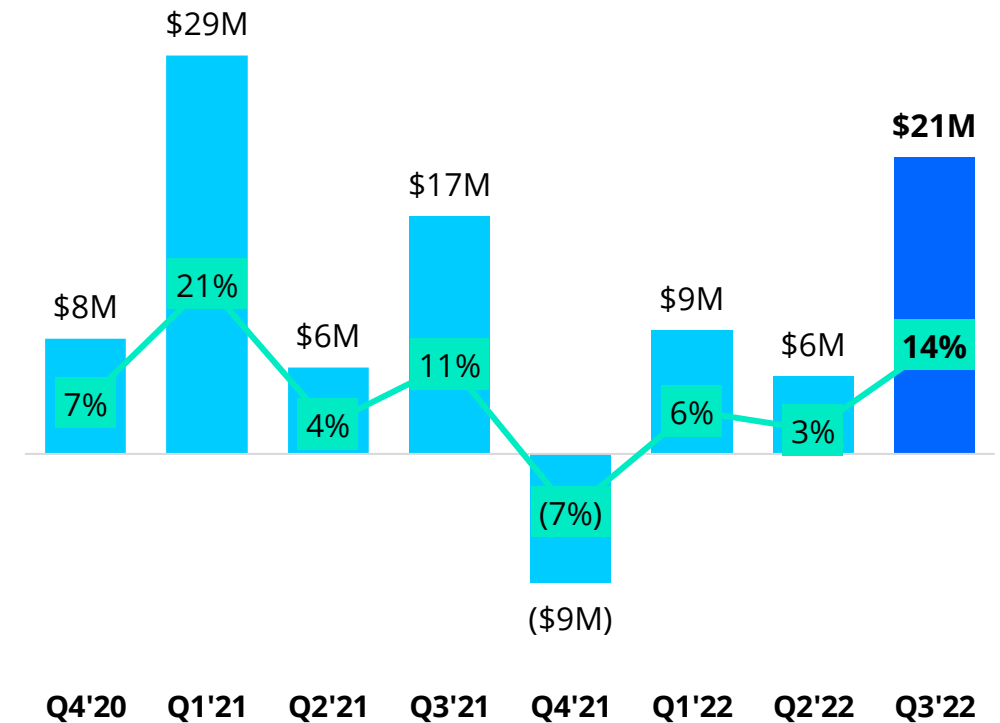
Adjusted EBITDA⁽¹⁾

 % of Revenue



Free Cash Flow⁽¹⁾

 % of Revenue



(1) These are non-GAAP financial measures. Refer to the Appendix for a reconciliation of these measures to the most directly comparable GAAP measures.

Q4 and FY22 Guidance Commentary

Q4 2022

Total Revenue	\$145M - \$147M
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Adj. EBITDA ⁽¹⁾	\$23M
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FY 2022

Total Revenue	\$617M - \$619M
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Adj. EBITDA ⁽¹⁾	\$60M
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Commentary

- We are navigating a challenging and fluid macro environment, which we expect to continue weighing on our revenue growth rates
- We expect a slight sequential decline in subscription revenue in the fourth quarter
- We expect customer acquisition spend to decline year-over-year in the fourth quarter, but will respond dynamically based on market conditions

(1) This is a non-GAAP financial measure. The company has not reconciled this non-GAAP measure to the most comparable GAAP measure because certain items are out of the company's control and/or cannot be reasonably predicted. Accordingly, a reconciliation is not available without unreasonable effort.

GAAP and Non-GAAP Long-term Financial Goals

GAAP and Non-GAAP Measures	'19A	'20A	'21A	Long-Term Target ⁽²⁾
Revenue Growth	8%	15%	22%	24% +
Gross Margin (GAAP)	66%	67%	67%	71-73%
Customer Acquisition Marketing "CAM"	16%	25%	34%	18-22%
OpEx (excl. CAM) ⁽¹⁾	28%	25%	26%	21-23%
Adj. EBITDA Margin ⁽¹⁾	24%	19%	8%	30% +
FCF Margin ⁽¹⁾	8%	18%	7%	25% +

(1) This is a non-GAAP financial measure. Refer to the Appendix for a reconciliation of this measure to the most directly comparable GAAP measure for the historical periods provided above. The company has not reconciled the non-GAAP long-term target measure to the most comparable GAAP long-term target measure because certain items are out of the company's control and/or cannot be reasonably predicted. Accordingly, a reconciliation for this non-GAAP long-term target is not available without unreasonable effort. (2) These are not projections; they are goals and are forward-looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. Please see the LegalZoom.com, Inc. Disclaimer slide at the beginning of this presentation. Nothing in this presentation should be regarded as a representation by any person that these goals will be achieved and the company undertakes no duty to update its goals.



Appendix

Reconciliation of GAAP Expenses to Non-GAAP Expenses

<i>FYE Dec 31, \$K</i>	2019	2020	2021	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Cost of revenue	\$136,915	\$154,563	\$189,364	\$39,851	\$43,960	\$49,859	\$47,267	\$48,278	\$55,940	\$57,393	\$50,050
Stock-based compensation ⁽¹⁾	116	108	1,662	28	28	707	779	148	277	1,331	597
Depreciation and amortization	6,773	8,324	6,430	2,528	1,678	1,398	1,403	1,951	2,070	2,184	1,966
Other non-reoccurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP cost of revenue	130,026	146,131	181,272	37,295	42,254	47,754	45,085	46,179	53,593	53,878	47,487
Sales and marketing	115,913	171,390	279,281	40,903	71,361	65,431	72,572	69,917	76,874	72,945	66,145
Stock-based compensation ⁽¹⁾	671	923	15,721	140	166	5,151	6,364	4,040	3,125	3,536	2,972
Depreciation and amortization	6,469	6,913	6,017	1,925	1,475	1,323	1,401	1,818	1,875	1,879	1,754
Other non-reoccurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	400
Non-GAAP sales and marketing	108,773	163,554	257,543	38,838	69,720	58,957	64,807	64,059	71,874	67,530	61,019
Customer Acquisition Marketing⁽³⁾	\$67,200	\$119,226	\$195,383	\$27,516	\$53,652	\$44,497	\$49,739	\$47,495	\$53,769	\$45,361	\$43,531
Technology and development	37,204	41,863	84,003	10,244	10,499	28,426	26,865	18,213	17,959	16,197	17,457
Stock-based compensation ⁽¹⁾	739	2,450	38,726	532	496	17,566	14,459	6,205	4,298	4,148	3,857
Depreciation and amortization	1,055	2,800	2,361	827	587	584	538	652	726	692	694
Other non-reoccurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP technology and development	35,410	36,613	42,916	8,885	9,416	10,276	11,868	11,356	12,935	11,357	12,906
General and administrative	57,762	51,017	106,584	15,320	13,165	33,845	28,192	31,382	29,488	28,969	30,103
Stock-based compensation ⁽¹⁾	3,655	9,413	56,487	2,304	3,096	21,374	16,539	15,478	14,165	13,832	12,352
Depreciation and amortization	2,093	2,060	1,878	655	426	358	433	661	723	784	840
Other non-reoccurring items ⁽²⁾	14,999	3,181	2,577	2,051	—	635	222	1,720	70	1,083	1,440
Non-GAAP general and administrative	37,015	36,363	45,642	10,310	9,643	11,478	10,998	13,523	14,530	13,270	15,471

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concludes in 2022. (2) Includes acquisition-related expenses, restructuring expenses, legal reserves and settlements, and other IPO-related costs and other transaction related expenses, as detailed in Reconciliation of Net Income (Loss) to Non-GAAP Net Income (Loss) below. (3) Customer Acquisition Marketing is a component of both GAAP and Non-GAAP sales and marketing expense.



Reconciliation of GAAP Expenses to Non-GAAP Expenses on a % of Revenue Basis

<i>FYE Dec 31, \$K</i>	2019	2020	2021	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Cost of revenue	34%	33%	33%	33%	33%	33%	32%	34%	36%	35%	32%
Stock-based compensation ⁽¹⁾	0%	0%	0%	0%	0%	0%	1%	0%	0%	1%	0%
Depreciation and amortization	2%	2%	1%	2%	1%	1%	1%	1%	1%	1%	1%
Other non-reoccurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP cost of revenue	32%	31%	32%	31%	31%	32%	30%	32%	35%	33%	31%
Sales and marketing	28%	36%	49%	33%	53%	43%	49%	49%	50%	45%	43%
Stock-based compensation ⁽¹⁾	0%	0%	3%	0%	0%	3%	4%	3%	2%	2%	2%
Depreciation and amortization	2%	1%	1%	2%	1%	1%	1%	1%	1%	1%	1%
Other non-reoccurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	0%
Non-GAAP sales and marketing	27%	35%	45%	32%	52%	39%	44%	45%	47%	41%	40%
Customer Acquisition Marketing⁽³⁾	16%	25%	34%	23%	40%	30%	34%	33%	35%	28%	28%
Technology and development	9%	9%	15%	8%	8%	19%	18%	13%	12%	10%	11%
Stock-based compensation ⁽¹⁾	0%	1%	7%	0%	0%	12%	10%	4%	3%	3%	2%
Depreciation and amortization	0%	1%	0%	1%	0%	0%	0%	0%	0%	0%	0%
Other non-reoccurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP technology and development	9%	8%	7%	7%	7%	7%	8%	8%	8%	7%	8%
General and administrative	14%	11%	19%	13%	10%	22%	19%	22%	19%	18%	19%
Stock-based compensation ⁽¹⁾	1%	2%	10%	2%	2%	14%	11%	11%	9%	8%	8%
Depreciation and amortization	1%	0%	0%	1%	0%	0%	0%	0%	0%	0%	1%
Other non-reoccurring items ⁽²⁾	4%	1%	0%	2%	0%	0%	0%	1%	0%	1%	1%
Non-GAAP general and administrative	9%	8%	8%	8%	7%	8%	7%	10%	9%	8%	10%

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback that concludes in 2022. (2) Includes acquisition-related expenses, restructuring expenses, legal reserves and settlements, and other IPO-related costs and other transaction related expenses, as detailed in Reconciliation of Net Income (Loss) to Non-GAAP Net Income (Loss) below. (3) Customer Acquisition Marketing is a component of both GAAP and Non-GAAP sales and marketing expense.



Reconciliation of GAAP Expenses to Non-GAAP Expenses on a Year-over-Year % Basis

<i>FYE Dec 31, \$K</i>	2020	2021	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Cost of revenue	13%	23%	29%	25%	39%	8%	21%	27%	15%	6%
Stock-based compensation ⁽¹⁾	(7%)	1,439%	(59%)	22%	2,519%	2,497%	429%	889%	88%	(23%)
Depreciation and amortization	23%	(23%)	42%	(14%)	(28%)	(26%)	(23%)	23%	56%	40%
Other non-reoccurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—
Non-GAAP cost of revenue	12%	24%	29%	28%	41%	8%	24%	27%	13%	5%
Sales and marketing	48%	63%	49%	64%	63%	55%	71%	8%	11%	(9%)
Stock-based compensation ⁽¹⁾	38%	1,603%	(26%)	(72%)	7,054%	5,434%	2,786%	1,783%	(31%)	(53%)
Depreciation and amortization	7%	(13%)	9%	(20%)	(25%)	2%	(6%)	27%	42%	25%
Other non-reoccurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—
Non-GAAP sales and marketing	50%	57%	53%	70%	54%	43%	65%	3%	15%	(6%)
Customer Acquisition Marketing⁽³⁾	77%	64%	90%	79%	61%	46%	73%	0%	2%	(12%)
Technology and development	13%	101%	(5%)	(0%)	180%	146%	78%	71%	(43%)	(35%)
Stock-based compensation ⁽¹⁾	232%	1,481%	2,117%	(43%)	3,291%	2,633%	1,066%	767%	(76%)	(73%)
Depreciation and amortization	165%	(16%)	(219%)	(10%)	(12%)	(18%)	(21%)	24%	18%	29%
Other non-reoccurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—
Non-GAAP technology and development	3%	17%	(23%)	4%	14%	22%	28%	37%	11%	9%
General and administrative	(12%)	109%	(1%)	4%	168%	170%	105%	124%	(14%)	7%
Stock-based compensation ⁽¹⁾	158%	500%	83%	19%	764%	712%	572%	358%	(35%)	(25%)
Depreciation and amortization	(2%)	(9%)	(23%)	(8%)	(23%)	(9%)	1%	70%	119%	94%
Other non-reoccurring items ⁽²⁾	(79%)	(19%)	(53%)	(100%)	892%	(69%)	(16%)	—	71%	549%
Non-GAAP general and administrative	(2%)	26%	15%	4%	19%	53%	31%	51%	16%	41%

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concludes in 2022. (2) Includes acquisition-related expenses, restructuring expenses, legal reserves and settlements, and other IPO-related costs and other transaction related expenses, as detailed in Reconciliation of Net Income (Loss) to Non-GAAP Net Income (Loss) below. (3) Customer Acquisition Marketing is a component of both GAAP and Non-GAAP sales and marketing expense.



Reconciliation of Gross Profit to Non-GAAP Gross Profit

<i>FYE Dec 31, \$K</i>	2019	2020	2021	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Gross profit	\$271,465	\$316,073	\$385,716	\$82,388	\$90,672	\$100,573	\$100,612	\$93,859	\$98,269	\$106,474	\$104,366
Cost of revenue stock-based compensation ⁽¹⁾	116	108	1,662	28	28	707	779	148	277	1,331	597
Cost of revenue depreciation & amortization	6,773	8,324	6,430	2,528	1,678	1,398	1,403	1,951	2,070	2,184	1,966
Cost of revenue other non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP gross profit⁽³⁾	\$278,354	\$324,505	\$393,808	\$84,944	\$92,378	\$102,678	\$102,794	\$95,958	\$100,616	\$109,989	\$106,929
<i>Gross profit margin⁽³⁾</i>	66%	67%	67%	67%	67%	67%	68%	66%	64%	65%	68%
<i>Non-GAAP gross profit margin⁽³⁾</i>	68%	69%	68%	69%	69%	68%	70%	68%	65%	67%	69%

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concludes in 2022. (2) Includes acquisition-related expenses, restructuring expenses, legal reserves and settlements, and other IPO-related costs and other transaction related expenses, as detailed in Reconciliation of Net Income (Loss) to Non-GAAP Net Income (Loss) below. (3) We define non-GAAP gross profit as gross profit adjusted to exclude amortization of acquired intangible assets from our business combinations, non-cash stock-based compensation expense, losses from impairments of goodwill, long-lived and other assets, and other non-recurring expenses associated with our cost of revenue. Our non-GAAP gross profit financial measure differs from GAAP in that it excludes certain items of income and expense. We define gross profit margin as gross profit as a percentage of revenue. We define non-GAAP gross profit margin as non-GAAP gross profit as a percentage of revenue.



Reconciliation from Net Income (Loss) to Adjusted EBITDA

<i>FYE Dec 31, \$K</i>	2019	2020	2021	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Net income (loss)	\$7,443	\$9,896	(\$108,664)	\$9,421	(\$9,823)	(\$38,395)	(\$39,675)	(\$20,771)	(\$30,609)	(\$13,179)	(\$10,108)
Interest expense (income), net	38,559	35,504	27,984	8,719	8,654	9,312	9,957	61	53	(29)	(535)
Provision for (benefit from) income taxes	3,161	2,429	(10,951)	795	(2,936)	1,995	(5,908)	(4,102)	2,960	(451)	(1,469)
Depreciation and amortization	16,390	20,097	16,686	5,935	4,166	3,663	3,775	5,082	5,394	5,539	5,254
Other (income) expense, net	(2,577)	(3,713)	(1,193)	(3,564)	(248)	(420)	368	(893)	1,544	2,022	2,536
Stock-based compensation ⁽¹⁾	5,181	12,894	112,596	3,004	3,786	44,798	38,141	25,871	21,865	22,847	19,778
Loss on debt extinguishment	—	—	7,748	—	—	—	7,748	—	—	—	—
Impairment of goodwill, long-lived & other assets	14,321	1,105	924	550	—	379	493	52	—	—	237
Impairment of available-for-sale debt securities	—	4,818	—	—	—	—	—	—	—	—	—
Acquisition-related expenses	5,433	132	1,356	94	—	—	—	1,356	—	—	636
Restructuring expenses ⁽²⁾	1,600	2,524	—	1,957	—	—	—	—	—	991	804
Legal reserves and settlements ⁽³⁾	735	525	—	—	—	—	—	—	40	—	—
IPO-related costs & other transaction-related expenses ⁽⁴⁾	—	—	852	—	—	635	217	—	—	—	—
Certain other non-recurring expenses ⁽⁵⁾	6,911	1,764	369	—	—	—	5	364	30	92	400
Adjusted EBITDA⁽⁶⁾	\$97,157	\$87,975	\$47,707	\$26,911	\$3,599	\$21,967	\$15,121	\$7,020	\$1,277	\$17,832	\$17,533
Revenue	408,380	470,636	575,080	122,239	134,632	150,432	147,879	\$142,137	\$154,209	\$163,867	\$154,416
<i>Adjusted EBITDA margin⁽⁷⁾</i>	<i>24%</i>	<i>19%</i>	<i>8%</i>	<i>22%</i>	<i>3%</i>	<i>15%</i>	<i>10%</i>	<i>5%</i>	<i>1%</i>	<i>11%</i>	<i>11%</i>

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concludes in 2022. (2) Restructuring expenses relate to certain one-time severance events for different components of our business, which were part of our overall reset of business strategy during 2019 and 2020. Such expenses are not expected to recur in the near or longer term. Due to continued decline in the business performance of Beaumont, our conveyancing business in the United Kingdom, we conducted a phased restructuring during 2019. In the fourth quarter of 2019, we restructured our United Kingdom Research and Development team, as part of the reset of our product strategy. In the first half of 2020, we restructured our United Kingdom business, mainly in our leadership and technology team. In the fourth quarter of 2020, we incurred \$2.0 million in severance costs related to a reduction in headcount in our U.S. workforce. In the second quarter of 2022, we incurred \$1.0 million in severance costs related to a reduction in our U.S. workforce. In the third quarter of 2022, we incurred \$0.8 million in severance costs related to a reduction in our U.S. workforce. (3) Legal reserves and settlements include costs accrued or paid for potential litigation settlements, and are net of insurance recoveries, if any. (4) IPO-related costs and other transaction-related expenses includes certain non-recurring expenses, which occurred in connection with our acquisition costs in 2022 and IPO 2021. (5) In 2019, we incurred certain expenses for strategic transactions that were not consummated, including \$4.6 million of costs associated with our filing of a registration statement during the first and second quarters of 2019 and which was later withdrawn in the third quarter of 2019, \$1.9 million of compensation expense recorded in general and administrative expenses related to the establishment of a financial guarantee for a former executive officer in the fourth quarter of 2019, and \$0.4 million for other transaction related expenses. In the second quarter of 2020, we incurred a loss on sale from the disposal of Beaumont of \$1.8 million. In 2021, we incurred expenses related to early termination of our U.K. lease agreement. In the third quarter of 2022, \$0.4 million of compensation expense was recorded in sales and marketing expenses related to the departure of a member of management. (6) Adjusted EBITDA, a primary performance measure used by management and board of directors to understand and evaluate financial performance, operating trends including period-to-period comparisons, prepare and approve of our annual budget, develop short- and long-term operational plans and determine appropriate compensation plans for our employees. Limitations to this non-GAAP financial measure include the following: a) does not reflect interest expense, or the cash requirements necessary to service interest or principal payments, which reduces cash available to us; b) does not reflect provision for income taxes that may result in payments that reduce cash available to us; c) excludes depreciation and amortization and, although these are non-cash expenses, the assets being depreciated may be replaced in the future; d) does not reflect foreign currency exchange or other gains or losses, which are included in other income, net; e) excludes stock-based compensation expense, which has been, and will continue to be, a significant recurring expense for our business and an important part of our compensation strategy; f) excludes losses from impairments of goodwill, long-lived and other assets and available-for-sale debt securities; g) excludes acquisition related expenses, which reduce cash available to us; h) excludes restructuring expenses, which reduce cash available to us; and i) does not reflect certain other non-recurring expenses that are not considered representative of our underlying performance, which reduce cash available to us. We define Adjusted EBITDA as net income adjusted to exclude interest expense, net, provision for income taxes, depreciation and amortization, other income, net, stock-based compensation, losses from impairments of goodwill, long-lived and other assets, impairments of available-for-sale debt securities, acquisition related expenses, restructuring expenses, legal reserves and settlements, and certain other non-recurring expenses. (7) We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of revenue.



Reconciliation of Net Income (Loss) to Non-GAAP Net Income (Loss)

<i>FYE Dec 31, \$K</i>	2019	2020	2021	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Net income (loss)	\$7,443	\$9,896	(\$108,664)	\$9,421	(\$9,823)	(\$38,395)	(\$39,675)	(\$20,771)	(\$30,609)	(\$13,179)	(\$10,108)
Amortization of acquired intangible assets	4,256	2,826	1,039	368	273	52	52	662	670	790	781
Stock-based compensation ⁽¹⁾	5,181	12,894	112,596	3,004	3,786	44,798	38,141	25,871	21,865	22,847	19,778
Loss on debt extinguishment	—	—	7,748	—	—	—	7,748	—	—	—	—
Impairment of goodwill, long-lived & other assets	14,321	1,105	924	550	—	379	493	52	—	—	237
Impairment of available-for-sale debt securities	—	4,818	—	—	—	—	—	—	—	—	—
Acquisition-related expenses	5,433	132	1,356	94	—	—	—	1,356	30	—	636
Restructuring expenses ⁽²⁾	1,600	2,524	—	1,957	—	—	—	—	—	991	804
Legal reserves and settlements ⁽³⁾	735	525	—	—	—	—	—	—	40	—	—
IPO-related costs & other transaction-related expenses ⁽⁴⁾	—	—	852	—	—	635	217	—	—	—	—
Certain other non-recurring expenses ⁽⁵⁾	6,911	1,764	369	—	—	—	5	364	—	92	400
Income tax effects	(4,313)	(4,148)	(10,519)	(1,320)	(665)	(2,880)	(4,399)	(2,575)	(1,494)	(1,590)	(2,594)
Non-GAAP net income (loss)⁽⁶⁾	\$41,567	\$32,336	\$5,701	\$14,074	(\$6,429)	\$4,589	\$2,582	\$4,959	(\$9,498)	\$9,951	\$9,934
<i>Net income (loss) margin⁽⁶⁾</i>	<i>2%</i>	<i>2%</i>	<i>(19%)</i>	<i>8%</i>	<i>(7%)</i>	<i>(26%)</i>	<i>(27%)</i>	<i>(15%)</i>	<i>(20%)</i>	<i>(8%)</i>	<i>(7%)</i>
<i>Non-GAAP net income (loss) margin⁽⁶⁾</i>	<i>10%</i>	<i>7%</i>	<i>1%</i>	<i>12%</i>	<i>(5%)</i>	<i>3%</i>	<i>2%</i>	<i>4%</i>	<i>(6%)</i>	<i>6%</i>	<i>6%</i>

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concludes in 2022. (2) Restructuring expenses relate to certain one-time severance events for different components of our business, which were part of our overall reset of business strategy during 2019 and 2020. Such expenses are not expected to recur in the near or longer term. Due to continued decline in the business performance of Beaumont, our conveyancing business in the United Kingdom, we conducted a phased restructuring during 2019. In the fourth quarter of 2019, we restructured our United Kingdom Research and Development team, as part of the reset of our product strategy. In the first half of 2020, we restructured our United Kingdom business, mainly in our leadership and technology team. In the fourth quarter of 2020, we incurred \$2.0 million in severance costs related to a reduction in headcount in our U.S. workforce. In the second quarter of 2022, we incurred \$1.0 million in severance costs related to a reduction in our U.S. workforce. In the third quarter of 2022, we incurred \$0.8 million in severance costs related to a reduction in our U.S. workforce. (3) Legal reserves and settlements include costs accrued or paid for potential litigation settlements, and are net of insurance recoveries, if any. (4) IPO-related costs and other transaction-related expenses includes certain non-recurring expenses, which occurred in connection with our acquisition costs in 2022 and IPO 2021. (5) In 2019, we incurred certain expenses for strategic transactions that were not consummated, including \$4.6 million of costs associated with our filing of a registration statement during the first and second quarters of 2019 and which was later withdrawn in the third quarter of 2019, \$1.9 million of compensation expense recorded in general and administrative expenses related to the establishment of a financial guarantee for a former executive officer in the fourth quarter of 2019, and \$0.4 million for other transaction related expenses. In the second quarter of 2020, we incurred a loss on sale from the disposal of Beaumont of \$1.8 million. In 2021, we incurred expenses related to early termination of our U.K. lease agreement. In the third quarter of 2022, \$0.4 million of compensation expense was recorded in sales and marketing expenses related to the departure of a member of management. (6) We define non-GAAP net income (loss) as net income (loss) adjusted to exclude amortization of acquired intangible assets from our business combinations, non-cash stock-based compensation expense, losses from impairments of goodwill, long-lived and other assets, impairments of available-for-sale debt securities, acquisition related expenses, restructuring expenses, IPO-related costs and other transaction-related expenses and certain other non-recurring expenses, net of the related income tax impacts. Our non-GAAP net income (loss) financial measure differs from GAAP in that it excludes certain items of income and expense. We define net income (loss) margin as net loss as a percentage of revenue. We define non-GAAP net income (loss) margin as non-GAAP net income (loss) as a percentage of revenue.



Reconciliation of Net Cash Provided by (Used in) Operating Activities to Free Cash Flow

<i>FYE Dec 31, \$K</i>	2019	2020	2021	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Net cash provided by (used in) operating activities	\$52,695	\$93,049	\$54,152	\$10,980	\$31,415	\$9,281	\$19,460	(\$6,004)	\$13,737	\$11,020	\$27,258
Purchase of property and equipment	(18,349)	(10,587)	(11,740)	(2,768)	(2,911)	(3,093)	(2,496)	(3,239)	(4,911)	(5,468)	(6,062)
Free cash flow⁽¹⁾	34,346	82,462	42,412	8,212	28,504	6,188	16,964	(9,244)	8,826	5,552	21,196
Cash interest paid	37,276	27,864	12,284	6,242	6,065	6,086	133	—	—	—	—
Unlevered free cash flow⁽²⁾	71,622	110,326	54,696	14,455	34,569	12,274	17,097	(9,244)	8,826	5,552	21,196
<i>Operating cash flow margin⁽³⁾</i>	13%	20%	9%	9%	23%	6%	13%	(4%)	9%	7%	18%
<i>Free cash flow margin⁽³⁾</i>	8%	18%	7%	7%	21%	4%	11%	(7%)	6%	3%	14%
<i>Unlevered free cash flow margin⁽³⁾</i>	18%	23%	10%	12%	26%	8%	12%	(7%)	6%	3%	14%

(1) We define free cash flow as cash generated by operations after purchases of property and equipment including capitalized internal-use software. Free cash flow is a liquidity measure used by management in evaluating the cash generated by our operations after purchases of property and equipment including capitalized internal-use software. We consider free cash flow to be an important metric because it provides useful information to management and investors about the amount of cash generated by our business that can be used for strategic opportunities, including investing in our business and strengthening our balance sheet. Once our business needs and obligations are met, cash can be used to maintain a strong balance sheet and invest in future growth. The usefulness of free cash flow as an analytical tool has limitations because it excludes certain items, which are settled in cash, does not represent residual cash flow available for discretionary expenses, does not reflect our future contractual commitments, and may be calculated differently by other companies in our industry. Accordingly, it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by operating activities. (2) We define unlevered free cash flow as free cash flow plus cash interest paid. (3) We define operating cash flow margin as net cash provided by operating activities as a percentage of revenue. We define free cash flow margin as free cash flow as a percentage of revenue. We define unlevered free cash flow margin as unlevered free cash flow as a percentage of revenue.



