

MAY 2025

Investor Presentation

LEGALZOOM



Forward-looking statements disclaimer

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,” “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 and quarterly guidance. 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: our dependence on business formations; our dependence on customers expanding the use of our platform, including converting our transactional customers to subscribers and our subscribers renewing their subscriptions with us; the impact of macroeconomic challenges or uncertainty on our business; our ability to remain profitable in the future; our ability to provide high-quality products and services, customer care and customer experience; our ability to continue to innovate and provide a platform that is useful to our customers and that meets our customers’ expectations; the competitive legal solutions market; our dependence on our brand and reputation; our ability to maintain and expand strategic relationships with third parties; our ability to hire and retain top talent and motivate our employees; our ability to effectively integrate Formation Nation, Inc. into our existing operations; risks and costs associated with complex and evolving laws and regulations; our ability to maintain effective internal control over financial reporting; and other factors discussed in the section titled “Risk Factors” included in our most recently filed Annual Report on Form 10-K or Quarterly Report on Form 10-Q as well as any factors in 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.

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 and free cash flow margin. We use these non-GAAP financial measures to better understand and evaluate our core operating performance. We believe that these non-GAAP financial measures provide investors with 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 also 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. These non-GAAP measures should not be considered in isolation of, or as a substitute or an alternative to, measures prepared and presented in accordance with GAAP. 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 Securities and Exchange Commission for the definitions of certain of these non-GAAP financial measures and limitations on the use of such non-GAAP financial measures.

Third party information

This presentation includes market data and certain other statistical information and estimates that are based on reports and other publications from independent third-party sources, as well as management's own good faith estimates and analyses. We believe these third-party reports to be reputable, but have not independently verified the underlying data sources, methodologies, or assumptions. The reports and other publications referenced are generally available to the public and were not commissioned by LegalZoom. Information that is based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances reflected in this information.

Acquisition of Formation Nation

On February 10, 2025, we acquired 100% of the equity interests of Formation Nation, Inc. The results of Formation Nation, Inc. are included in our results of operations since the date of acquisition. Prior periods have not been recast.

About LegalZoom

LEGALZOOM



Our vision

To be the guardian of people's
aspirations, lives, and legacies

Our mission

Transforming how people
navigate the legal system



Online legal and compliance is a big opportunity

Our market

\$51B

SAM⁽¹⁾

Little product innovation

-61

Offline Attorney
NPS⁽²⁾

Low digital penetration

35%

of solo practitioners don't
have a website⁽³⁾

Low tech adoption

~4%

legal services delivered
online in the U.S.⁽⁴⁾

Our leadership

The Largest Digital Player

4.7M

Businesses
formed since
inception

4.3M

Estate planning
solutions delivered
since inception

1.9M

Active legal
& compliance
subscriptions

1,000+

Independent
attorney network
servicing all 50
states

Efficient Payback⁽⁵⁾

<1 yr

Gross profit positive

Brand Advantage⁽⁶⁾

>1.5x

Aided Brand Awareness

Advantaged NPS⁽⁷⁾

+75

LegalZoom Attorney NPS

Unless otherwise noted, all information is as of March 31, 2025.

(1) Total SAM as of February 2024. U.S. Census Bureau; U.S. Small Business Administration; internal company estimates. (2) Net promoter score (NPS) in 2024, according to Clio Legal Trends Report. (3) In 2023, according to the American Bar Association. (4) In 2022, according to IBISWorld. (5) Estimated total net bookings per customer less cost of revenue to customer acquisition cost ratio for 2024 customer cohort. (6) Source: Dynata (LegalZoom vs. category competitors) as of December 31, 2024. (7) Source: Internal customer data as of December 31, 2024.

Large SAM⁽¹⁾, significant opportunity

Life & Business Planning

\$13B

The largest digital formations player, with ~9% market share⁽²⁾, leveraging our capabilities for estate planning services

- Entity Creation
- Estate Planning

Business Management

\$15B

During and post-business formation, we offer a set of important services to operate a business

- Entity Compliance
- Bookkeeping
- Business Licenses
- Business Address – Virtual Mail
- Forms / eSignature⁽³⁾
- Insurance / Banking / Websites⁽⁴⁾

Expert Assistance

\$23B

We offer access to experts to help handle the most complex business matters and life events

- Intellectual Property
- Contracts and Legal Forms
- Business Tax Returns⁽⁴⁾
- Other Legal Matters

We solve important problems for our customers...

Entity creation and compliance is complicated, time-consuming and expensive to navigate on your own

44%

Of small businesses spend >40 hours each year dealing with regulations⁽¹⁾

10%

Of small businesses are fined for regulatory noncompliance⁽¹⁾

Small business owners have a fear of navigating complex regulatory matters, but the cost of experts isn't accessible

96%

Haven't consulted an attorney at formation⁽²⁾

92%

Haven't consulted a tax professional at formation⁽²⁾

Consumers need legal help to protect their families, but the cost of experts isn't accessible

64%

Of Americans say having a will is important, but fewer than 32% have one⁽³⁾

16%

Of Americans believe they cannot afford to create a will⁽³⁾

...through our innovative legal technology platform

Small business services



Business formation



Business compliance



Legal advice



Trademark & IP



Business management⁽¹⁾



Tax prep, banking, insurance & websites⁽²⁾

Consumer services



Estate planning



Family planning



Legal advice



Real estate

Three key focus areas

1

Optimize our
subscription
business

2

Reorient go-to-
market strategy

3

Leverage AI to
deliver
expertise

Optimize our subscription business: Compliance coverage enhancements

Compliance status & notifications...

Enhancements include Official Compliance status from Secretary of State, ongoing monitoring and built-in-alerts to notify customers of any changes

...supported by Attorney-tracked monitoring

LegalZoom performs ongoing reviews of legal and government developments and changes to filing requirements

LEGALZOOM | Lopsy's Cakes LLC

Compliance | FILINGS + LICENSES & PERMITS | REGISTERED AGENT

Compliance for Lopsy's Cakes LLC in Colorado

Active with the CO Secretary of State | 2 to-do items

STATE AND FEDERAL FILINGS | View all filings

TO DO

- Colorado Annual Report | Start

REGISTERED AGENT | View notices

LegalZoom (United States Corporation Agent, Inc.)
1234 Meiana St. Unit 101, Denver, CO 80014

- Satisfies CO requirement that an RA is appointed
- Active monitoring for government and legal notices
- Added privacy

BUSINESS LICENCES | View license center

TO DO

- Start your questionnaire to get your report | Start

SUMMARY

- Expired
- Renew soon
- Active

Additional compliance solutions for your needs

What would you like to do?

- Report a change to my business info | Articles of amendment
- Set the ground rules for my business | Operating agreement
- Provide info about beneficial owners of my business | Beneficial Ownership Info Reporting
- Get a unique ID for banking and taxes
- Get proof of compliance and state authorization | Certificate of good standing
- Operate in a new state | Foreign qualification
- Change my entity structure | Conversion
- Officially close my business | Dissolution

ASSIST for a legal advice

Terms | Privacy choices | © 2020-2024 LegalZoom.com, Inc.

Official state status

Lopsy's Cakes LLC is in good standing with the CO Secretary of State

Last synced April 2025

What does this status mean?

No risks have been identified. This status typically involves:

- On-time filing of reports
- Maintaining a registered agent in your state

With an active status, your business can:

- Operate legally
- Enter contracts
- Maintain business licenses
- Open new bank accounts or secure new bank loans
- Claim tax benefits

Reorient go-to-market strategy: Formation Nation acquisition⁽¹⁾

About Formation Nation

- Nevada based small business services company
- Seasoned leadership team with 30+ years of experience in business formation and compliance
- 140+ small business service experts



Flagship brand, “do it yourself”
business formation solutions

4.9 TrustPilot score



White-glove “do it for me” business
formation & compliance offerings

5.0 TrustPilot score

Transaction Rationale

- Differentiated premium and value brand segmentation with best-in-class service and expertise
- Transactional business model with future opportunity to shift towards subscription
- Positive contribution to Adj. EBITDA⁽²⁾, accretive to Non-GAAP earnings per share⁽²⁾

Integration Update

- Implementing marketing best-practices
- Shared learnings from customer sales and care teams
- LegalZoom testing higher-value “do it for me” compliance offerings

Leverage AI to deliver expertise: Business license alerts

AI Enhanced Business Licenses Alerts

Leveraging AI enhancements to track ongoing business licensing report requirements across 90,000 jurisdictions, notifying customers when new requirements or modifications to their existing license reports are detected.

LEGALZOOM Sign in

We've recently detected a change to the Alcohol Sales Permit in your business license report

Please review the updated license information for any potential impact to your business by clicking below.

As part of your subscription, we are committed to ensuring your business remains up-to-date and compliant by promptly notifying you of changes to your business license report. Our monitoring, now enhanced with AI for greater accuracy and speed, helps prevent disruptions to your business and potential legal penalties.

If you'd like support from an attorney, learn more [here](#).

[Review updated report](#)

CITY OF SANTA ROSA
ALCOHOL SALES

Name of license/permit
Alcohol Sales Permit

Agency issuer	City of Santa Rosa
Jurisdiction	CITY
License #	-
Effective date	04/28/2025
Expiration date	04/28/2026

Notes
-

City of Santa Rosa
Alcohol Sales Permit
City of Santa Rosa

[Apply in-person](#)

About this permit
An Alcohol Sales Permit is required for businesses located in the City of Santa Rosa that plan to sell alcoholic beverages.

When this applies
This permit is required for ABC Licenses (businesses with an Alcohol Beverage Control license) with licensed premises in the City of Santa Rosa where they sell alcohol.

Additional requirements
If you did not receive your remittance form, or if you have any questions regarding your remittance, please contact Revenue and Collections at 707-543-3170.

More information
The fee is based on the total alcohol purchases for the year for the business: \$100 - \$33,333: \$100.00 per year \$33,334 - \$1,666,666: 3/10th of 1% (or 0.3%) of purchases per year \$1,666,667+ \$5,000.00 per year

Proven durable long-term macro; leading market position

Business Formations Macro

4%

19-year small business formation CAGR⁽¹⁾

>5M

businesses formed annually⁽²⁾

61%

increase in business formations from 2021-2024 (vs. 2016-2019 average)

LegalZoom's Unique Market Position

Scale

- >9 million legal milestones completed⁽³⁾
- #1 for online business formation and estate plan services
- >1.5x brand awareness vs. competitors⁽⁴⁾

Predictability

- >60% subscription revenue
- ~90% annual subscriptions
- Strong base of inelastic, compliance-focused subscriptions

Strong Balance Sheet

- \$210M cash on-hand
- Debt free
- Strong, ongoing Free Cash Flow generation

Margin Control

- ~70% of total expenses are variable⁽⁵⁾
- Lean corporate staffing structure
- Ability to preserve margins in range of environments

All statistics as of March 31, 2025 unless otherwise stated

Source: U.S. Census Bureau business formation statistics non-seasonally adjusted business application units.

(1) Timeframe represents 2005-2024. (2) Timeframe represents 2020 – 2024 (3) Represents business formations and estate planning solutions since LegalZoom inception. (4) Source: Dynata (LegalZoom vs. category competitors) as of December 31, 2024. (5) Represents non-GAAP customer acquisition media and cost of sales expenses as a percentage of total non-GAAP cost of sales and operating expenses for the first quarter ended March 31, 2025.

Experienced management team



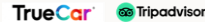
Jeff Stibel

Chief Executive Officer



Noel Watson

Chief Financial &
Operating Officer



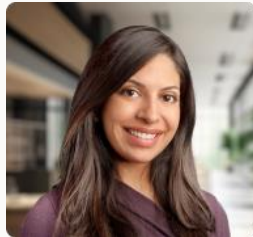
Nicole Miller

Chief Legal Officer



Pratik Savai

Chief Technology Officer



Sheily Chhabria Panchal

Chief People Officer



Kathy Tsitovich

Chief Corporate Development &
Partnerships Officer



Aaron Stibel

Chief Revenue Officer



Daniel Lysaught

Chief Marketing Officer



LegalZoom investment highlights

The largest digital player in a large and fragmented market

- Ability to operate at scale in a complex, highly regulated industry with low technology adoption
- Leading brand and powerful customer acquisition channel with significant greenfield opportunity

Attractive and efficient business model, shifting to subscriptions

- Building an engaging ecosystem of subscription solutions
- Building an efficient integration of higher value expert services into our platform

Leadership team focused on growth and profitability

- Opportunities to gain share, develop the digital space and integrate high-value expert offerings
- Highly efficient business model driving growth in Adjusted EBITDA and healthy free cash flow conversion

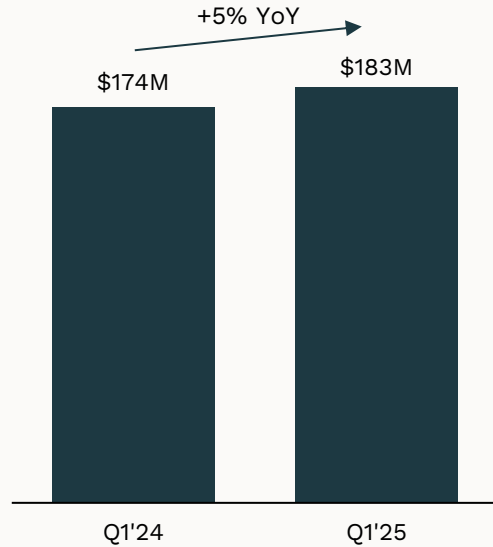
Financial update

LEGALZOOM

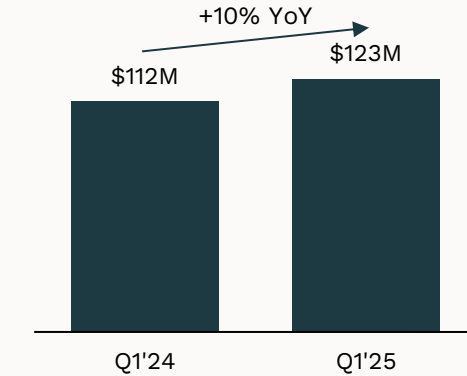


Q1 2025 snapshot

GAAP Revenue

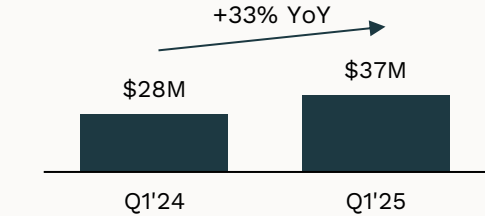


Adjusted Gross Profit⁽¹⁾



% of Revenue ⁽¹⁾	
64%	67%

Adjusted EBITDA⁽¹⁾

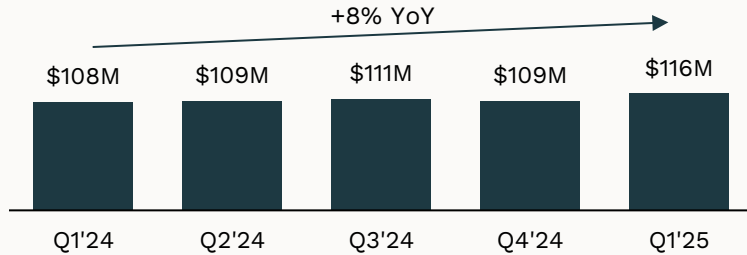


% of Revenue ⁽¹⁾	
16%	20%

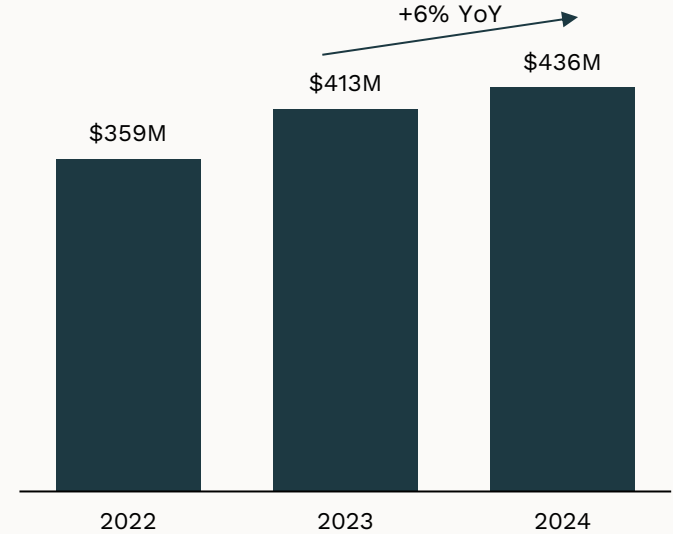
(1) This is a non-GAAP financial measure. Refer to the Appendix for a reconciliation of this measure to the most directly comparable GAAP measure.

Subscription revenue⁽¹⁾

Subscription revenue is primarily comprised of registered agent and compliance packages, attorney advice, virtual mail, bookkeeping, legal forms, and e-signature services.



Subscription KPIs					
Subscription Units ⁽²⁾	1,605K	1,609K	1,717K	1,766K	1,924K
ARPU ⁽³⁾	\$272	\$271	\$264	\$263	\$252



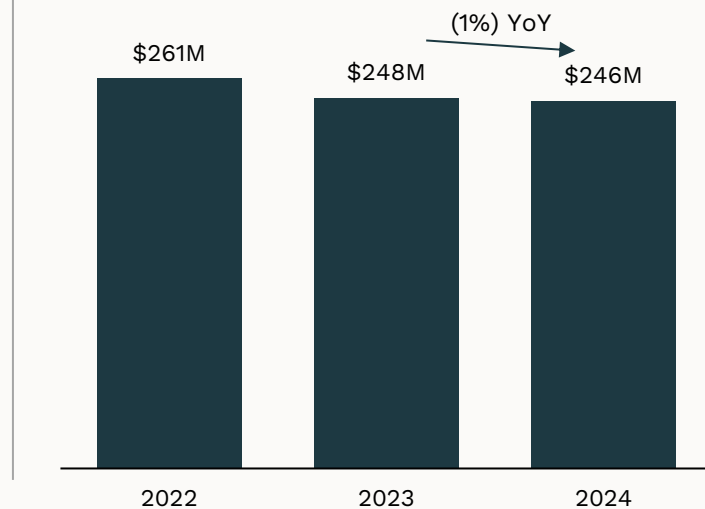
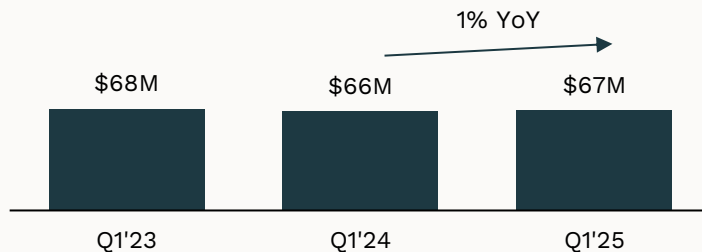
Subscription KPIs		
1,441K	1,545K	1,766K
\$259	\$277	\$263

(1) Beginning in the fourth quarter of 2023, we no longer present partner revenue on a standalone basis and partner revenue is now included within transaction and subscription revenue. This change had no impact on total revenue. Prior period disclosures and amounts have been conformed to the current period presentation. (2) 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. Refunds, or partial refunds, may be issued under certain circumstances pursuant to the terms of our customer satisfaction guarantee. (3) 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.

Transaction revenue⁽¹⁾

Transaction revenue is primarily generated from business formations services as well as other small business and consumer transactions including beneficial ownership information reports, annual reports, trademark filings, and estate planning solutions.

In the first quarter of 2023, we launched a free business formation filing SKU.

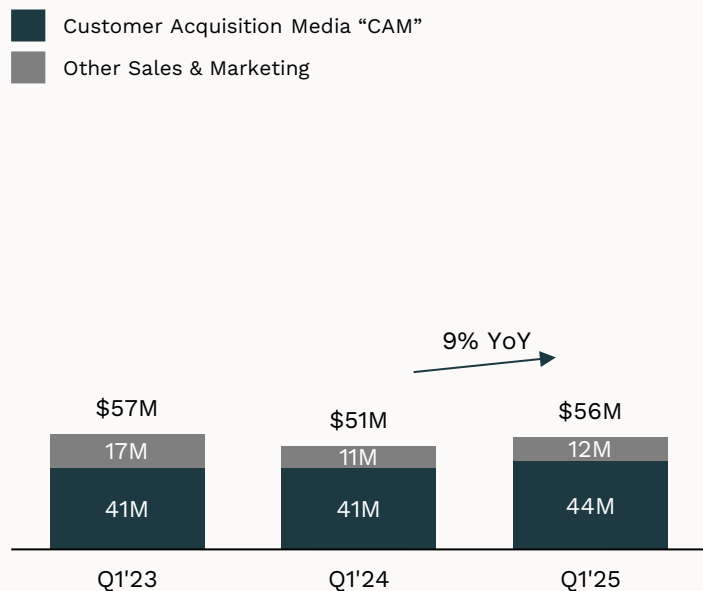


Transaction KPIs			
Business Formations ⁽²⁾	170K	139K	131K
Total Transaction Units ⁽³⁾	308K	336K	341K
AOV ⁽⁴⁾	\$221	\$198	\$196

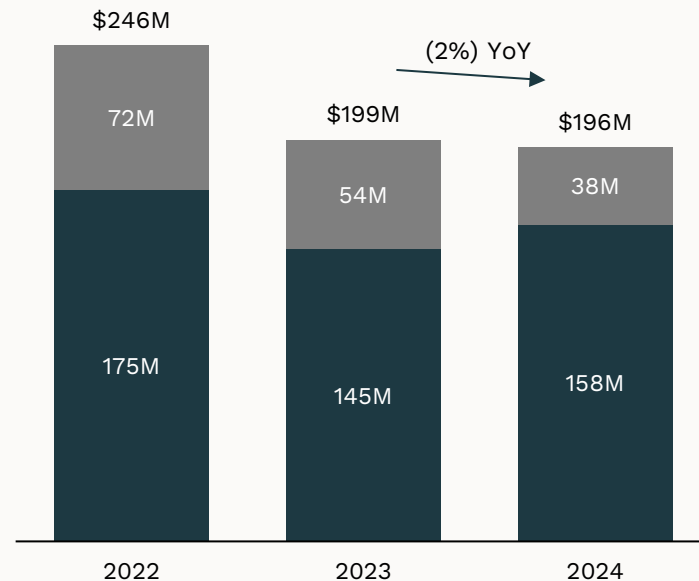
Transaction KPIs		
474K	581K	482K
929K	1,043K	1,123K
\$281	\$238	\$219

(1) Beginning in the fourth quarter of 2023, we no longer present partner revenue on a standalone basis and partner revenue is now included within transaction and subscription revenue. This change had no impact on total revenue. Prior period disclosures and amounts have been conformed to the current period presentation. (2) 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. (3) 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. Transactions may include one or more services purchased at the same time. Refunds, or partial refunds, may be issued under certain circumstances, pursuant to the terms of our customer satisfaction guarantee. (4) We define average order value for a given period as total transaction revenue divided by total number of transactions in such period.

Sales & marketing⁽¹⁾



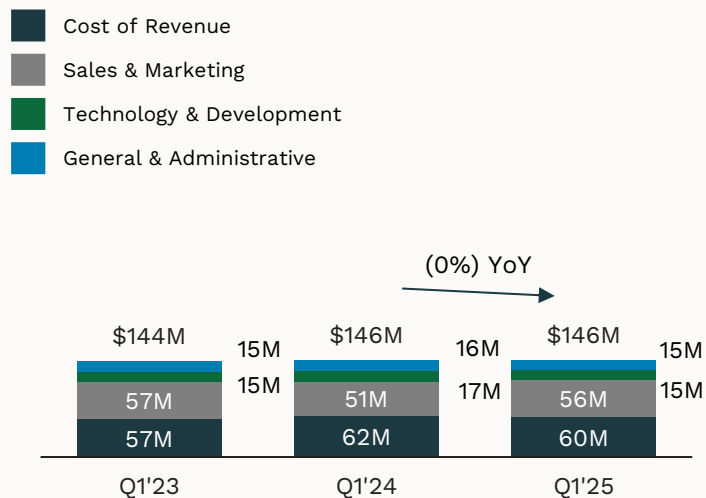
	% of Revenue		
Total Sales & Marketing	35%	29%	31%
CAM	25%	23%	24%
Other Sales & Marketing	10%	6%	6%



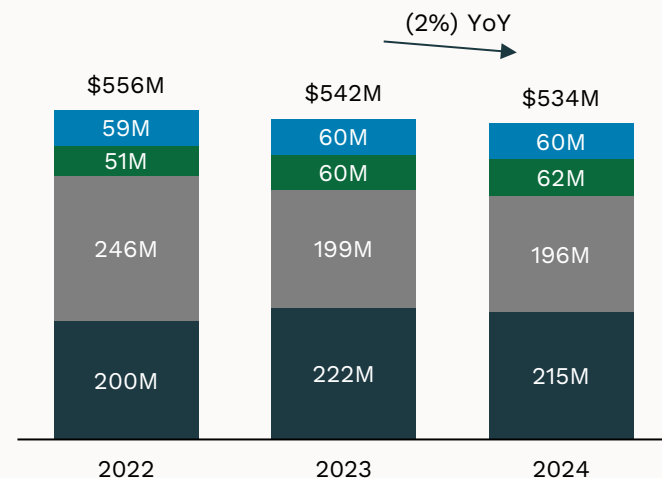
	% of Revenue		
Total Sales & Marketing	40%	30%	29%
CAM	28%	22%	23%
Other Sales & Marketing	12%	8%	6%

(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 expenses⁽¹⁾



	% of Revenue		
Total Non-GAAP Expense	87%	84%	80%
Cost of Revenue	34%	36%	33%
Sales & Marketing	35%	29%	31%
Tech. & Dev.	9%	10%	8%
G&A	9%	9%	8%



	% of Revenue		
Total Non-GAAP Expense	90%	82%	78%
Cost of Revenue	32%	34%	32%
Sales & Marketing	40%	30%	29%
Tech. & Dev.	8%	9%	9%
G&A	10%	9%	9%

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

Q2 and FY25 guidance⁽¹⁾

Q2 2025

Total Revenue

\$181M - \$185M

Adjusted EBITDA⁽¹⁾

\$37M - \$41M

FY 2025

Total Revenue

~5% YoY Growth

Adjusted EBITDA⁽¹⁾

**~\$165M
~23% margin**

FY 2025 Guidance Commentary

- Revenue growth of approximately 5% YoY
 - Expect to exit the year with double-digit subscription revenue growth in Q4 2025
 - Guidance assumes mid- to high-single digit decline in U.S. business formations vs. 2024⁽²⁾
- Commitment to Adjusted EBITDA expansion
 - Expect to achieve Adjusted EBITDA of ~\$165 million, irrespective of revenues, based on variable cost structure

(1) This is a non-GAAP financial measure. The Company has not reconciled this forward-looking non-GAAP measure to the most comparable GAAP measure because it is unable to provide a meaningful calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that would impact the most directly comparable forward-looking GAAP financial measure that have not yet occurred, are out of the Company's control and/or cannot be reasonably predicted. (2) Macro refers to U.S. Census Bureau business formation statistics non-seasonally adjusted business application units.

Appendix

Reconciliation of GAAP expenses to non-GAAP expenses

<i>FYE Dec 31, \$K</i>	2022	2023	2024	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Cost of revenue	\$211,095	\$239,263	\$240,093	\$60,395	\$63,749	\$59,123	\$55,907	\$68,384	\$63,609	\$54,715	53,385	66,560
Stock-based compensation ⁽¹⁾	2,931	4,318	5,833	874	1,105	1,115	1,224	1,593	1,747	1,165	1,328	1,260
Depreciation and amortization	8,581	12,772	18,902	2,622	3,011	3,307	3,832	4,467	4,618	4,828	4,989	5,115
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP cost of revenue	199,583	222,173	215,358	56,899	59,633	54,791	50,851	62,324	57,244	48,722	47,068	60,185
Sales and marketing	263,884	210,872	207,684	60,150	53,525	51,071	46,126	53,753	60,130	46,287	47,514	61,378
Stock-based compensation ⁽¹⁾	10,144	6,096	8,077	1,532	1,447	1,623	1,494	1,579	1,906	1,864	2,728	3,767
Depreciation and amortization	7,014	5,286	3,736	1,257	1,354	1,400	1,275	799	889	960	1,088	1,715
Certain non-recurring items ⁽²⁾	400	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP sales and marketing	246,326	199,490	195,871	57,361	50,724	48,048	43,357	51,375	57,335	43,463	43,698	55,896
Customer Acquisition Marketing⁽³⁾	174,636	145,338	157,578	40,745	36,021	35,411	33,131	40,563	47,119	33,975	35,921	44,215
Technology and development	70,434	83,181	89,584	19,683	19,900	21,491	22,107	23,957	25,798	23,179	16,650	21,322
Stock-based compensation ⁽¹⁾	16,574	18,899	19,573	4,320	4,875	4,706	4,998	5,703	6,525	6,179	1,166	4,024
Depreciation and amortization	2,834	4,184	7,688	858	841	1,168	1,317	1,477	1,841	2,150	2,220	2,220
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP technology and development	51,026	60,098	62,323	14,505	14,185	15,617	15,792	16,777	17,432	14,850	13,264	15,078
General and administrative	116,057	106,352	108,939	26,504	26,936	25,243	27,669	23,065	26,679	28,149	31,046	39,221
Stock-based compensation ⁽¹⁾	50,820	36,702	38,027	9,741	11,530	8,138	7,294	5,981	8,737	6,507	16,802	20,705
Depreciation and amortization	3,316	3,141	4,601	832	632	780	898	927	1,078	1,257	1,339	1,356
Certain non-recurring items ⁽²⁾	2,593	6,234	6,096	628	107	1,247	4,252	321	425	5,917	(567)	2,221
Non-GAAP general and administrative	59,328	60,275	60,215	15,303	14,667	15,078	15,225	15,836	16,439	14,468	13,472	14,939

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concluded in 2022. (2) Includes acquisition-related expenses, restructuring expenses, legal reserves and settlements, and IPO-related costs and other transaction related expenses, as detailed in Reconciliation of Net (Loss) Income to Non-GAAP Net (Loss) Income elsewhere in the appendix. (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>	2022	2023	2024	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Cost of revenue	34%	36%	35%	36%	38%	35%	35%	39%	36%	32%	33%	36%
Stock-based compensation ⁽¹⁾	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Depreciation and amortization	1%	2%	3%	2%	2%	2%	2%	3%	3%	3%	3%	3%
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP cost of revenue	32%	34%	32%	34%	35%	33%	32%	36%	32%	29%	29%	33%
Sales and marketing	43%	32%	30%	36%	32%	31%	29%	31%	34%	27%	29%	34%
Stock-based compensation ⁽¹⁾	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%
Depreciation and amortization	1%	1%	1%	1%	1%	1%	1%	0%	1%	1%	1%	1%
Certain non-recurring items ⁽²⁾	0%	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP sales and marketing	40%	30%	29%	35%	30%	29%	27%	29%	32%	26%	27%	31%
Customer Acquisition Marketing⁽³⁾	28%	22%	23%	25%	21%	21%	21%	23%	27%	20%	22%	24%
Technology and development	11%	13%	13%	12%	12%	13%	14%	14%	15%	14%	10%	12%
Stock-based compensation ⁽¹⁾	3%	3%	3%	3%	3%	3%	3%	3%	4%	4%	1%	2%
Depreciation and amortization	0%	1%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP technology and development	8%	9%	9%	9%	8%	9%	10%	10%	10%	9%	8%	8%
General and administrative	19%	16%	16%	16%	16%	15%	17%	13%	15%	17%	19%	21%
Stock-based compensation ⁽¹⁾	8%	6%	6%	6%	7%	5%	5%	3%	5%	4%	10%	11%
Depreciation and amortization	1%	0%	1%	1%	0%	0%	1%	1%	1%	1%	1%	1%
Certain non-recurring items ⁽²⁾	0%	1%	1%	0%	0%	1%	3%	0%	0%	4%	(0%)	1%
Non-GAAP general and administrative	10%	9%	9%	9%	9%	9%	10%	9%	9%	9%	8%	8%

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concluded in 2022. (2) Includes acquisition-related expenses, restructuring expenses, legal reserves and settlements, and IPO-related costs and other transaction related expenses, as detailed in Reconciliation of Net (Loss) Income to Non-GAAP Net (Loss) Income elsewhere in the appendix. (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>	2022	2023	2024	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Cost of revenue	11%	13%	0%	7%	12%	18%	18%	13%	(0%)	(8%)	(5%)	(3%)
Stock-based compensation ⁽¹⁾	76%	47%	35%	216%	(17%)	87%	69%	82%	58%	4%	8%	(21%)
Depreciation and amortization	33%	49%	48%	27%	38%	68%	62%	70%	53%	46%	30%	15%
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP cost of revenue	10%	11%	(3%)	6%	11%	15%	15%	10%	(4%)	(11%)	(7%)	(3%)
Sales and marketing	(6%)	(20%)	(2%)	(22%)	(25%)	(24%)	(4%)	(11%)	12%	(9%)	3%	14%
Stock-based compensation ⁽¹⁾	(35%)	(40%)	32%	(51%)	(59%)	(45%)	192%	3%	32%	15%	83%	139%
Depreciation and amortization	17%	(25%)	(29%)	(33%)	(28%)	(20%)	(15%)	(36%)	(34%)	(31%)	(15%)	115%
Certain non-recurring items ⁽²⁾	—	(100%)	—	—	—	(100%)	—	—	—	—	—	—
Non-GAAP sales and marketing	(4%)	(19%)	(2%)	(20%)	(24%)	(23%)	(6%)	(10%)	13%	(10%)	1%	9%
Customer Acquisition Marketing⁽³⁾	(11%)	(17%)	8%	(24%)	(18%)	(21%)	4%	(0%)	31%	(4%)	8%	9%
Technology and development	(16%)	18%	8%	10%	23%	23%	17%	22%	30%	8%	(25%)	(11%)
Stock-based compensation ⁽¹⁾	(57%)	14%	4%	1%	18%	22%	17%	32%	34%	31%	(77%)	(29%)
Depreciation and amortization	20%	48%	84%	18%	22%	68%	82%	72%	119%	84%	69%	50%
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP technology and development	19%	18%	4%	12%	25%	21%	14%	16%	23%	(5%)	(16%)	(10%)
General and administrative	9%	(8%)	2%	(10%)	(7%)	(16%)	1%	(13%)	(1%)	12%	12%	70%
Stock-based compensation ⁽¹⁾	(10%)	(28%)	4%	(31%)	(17%)	(34%)	(30%)	(39%)	(24%)	(20%)	130%	246%
Depreciation and amortization	77%	(5%)	46%	15%	(19%)	(7%)	(7%)	11%	71%	61%	49%	46%
Certain non-recurring items ⁽²⁾	1%	140%	(2%)	797%	(90%)	(13%)	—	(49%)	297%	374%	(113%)	(592%)
Non-GAAP general and administrative	30%	2%	(0%)	5%	11%	(2%)	(5%)	3%	12%	(4%)	(12%)	(6%)

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

Reconciliation of GAAP gross profit to Adjusted gross profit

<i>FYE Dec 31, \$K</i>	2022	2023	2024	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Gross profit	\$408,884	\$421,464	\$441,788	\$105,541	\$105,106	\$108,061	\$102,756	\$105,830	\$113,753	\$113,884	\$108,321	\$116,550
Cost of revenue stock-based compensation ⁽¹⁾	2,931	4,318	5,833	874	1,105	1,115	1,224	1,593	1,747	1,165	1,328	1,260
Cost of revenue depreciation & amortization	8,581	12,772	18,902	2,622	3,011	3,307	3,832	4,467	4,618	4,828	4,989	5,115
Adjusted gross profit⁽²⁾	\$420,396	\$438,554	\$466,523	\$109,037	\$109,222	\$112,483	\$107,812	\$111,890	\$120,118	\$119,877	\$114,638	\$122,925
<i>Gross profit margin⁽²⁾</i>	66%	64%	65%	64%	62%	65%	65%	61%	64%	68%	67%	64%
<i>Non-GAAP gross profit margin⁽²⁾</i>	68%	66%	68%	66%	65%	67%	68%	64%	68%	71%	71%	67%

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concluded in 2022. (2) 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 of GAAP net (loss) income to Adjusted EBITDA

FYE Dec 31, \$K	2022	2023	2024	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Net (loss) income	(\$48,733)	\$13,953	\$29,963	(\$2,358)	\$1,395	\$7,534	\$7,382	\$4,744	\$1,314	\$11,051	\$12,854	\$5,127
Interest (income) expense, net	(1,543)	(8,814)	(7,404)	(1,581)	(2,152)	(2,623)	(2,457)	(2,826)	(2,203)	(1,273)	(1,102)	(1,301)
Provision for (benefit from) income taxes	1,060	17,541	13,120	3,837	6,127	4,463	3,114	3,230	2,046	8,232	(388)	5,487
Depreciation and amortization	21,745	25,383	34,927	5,569	5,837	6,655	7,322	7,670	8,426	9,195	9,636	10,406
Other expense (income), net	4,477	(1,621)	(98)	(694)	(625)	882	(1,185)	(93)	(11)	(1,741)	1,747	(347)
Stock-based compensation ⁽¹⁾	80,469	66,015	71,510	16,467	18,956	15,582	15,010	14,856	18,915	15,715	22,024	29,756
Impairment of goodwill, long-lived & other assets	237	—	—	—	—	—	—	—	—	—	—	—
Impairment of other equity security ⁽²⁾	3,000	—	—	—	—	—	—	—	—	—	—	—
Acquisition or transaction-related expenses	758	—	—	—	—	—	—	—	—	—	—	1,543
Gain on sale of assets held for sale	—	—	—	—	—	—	—	—	—	—	—	(14,337)
Restructuring costs ⁽³⁾	1,795	4,666	6,096	628	107	68	3,863	321	425	5,917	(567)	678
Legal reserves and settlements ⁽⁴⁾	40	—	—	—	—	—	—	—	—	—	—	—
Certain non-recurring expenses ⁽⁵⁾	400	1,568	—	—	—	1,179	389	—	—	—	—	—
Adjusted EBITDA	\$63,705	\$118,691	\$148,114	\$21,868	\$29,645	\$33,740	\$33,438	\$27,902	\$28,912	\$47,096	\$44,204	\$37,012
Revenue	619,979	660,727	681,881	165,936	168,854	167,274	158,663	174,214	177,362	168,599	161,706	183,110
<i>Adjusted EBITDA margin</i>	<i>10%</i>	<i>18%</i>	<i>22%</i>	<i>13%</i>	<i>18%</i>	<i>20%</i>	<i>21%</i>	<i>16%</i>	<i>16%</i>	<i>28%</i>	<i>27%</i>	<i>20%</i>

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concluded in 2022. (2) In December 2022, we fully impaired our investment in Mylo and incurred a loss of \$3.0 million as the fair value of our investment was determined to be zero based upon an observable sale of their common equity. (3) Restructuring costs relate to certain one-time severance events for different components of our business. For 2022, we incurred restructuring costs related to the reduction of our U.S. headcount. For 2023, restructuring expenses related to the reduction of our U.K. headcount, which was substantially complete by December 31, 2023. For 2024 and 2025, restructuring expenses related to the reduction of our U.S. headcount. (4) Legal reserves and settlements include costs accrued or paid for potential litigation settlements, and are net of insurance recoveries, if any. (5) In 2022, certain non-recurring expenses consisted of compensation expense was recorded in sales and marketing expenses related to the departure of a member of management. In 2023, certain non-recurring expenses included costs incurred by the Company in conjunction with the secondary offerings by a selling stockholder in September 2023 and November 2023.

Reconciliation of GAAP net (loss) income to non-GAAP net (loss) income

<i>FYE Dec 31, \$K</i>	2022	2023	2024	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Net (loss) income	(\$48,733)	\$13,953	\$29,963	(\$2,358)	\$1,395	\$7,534	\$7,382	\$4,744	\$1,314	\$11,051	\$12,854	\$5,127
Amortization of acquired intangible assets	3,532	5,165	5,082	1,291	1,291	1,292	1,291	1,270	1,271	1,275	1,266	1,647
Stock-based compensation ⁽¹⁾	80,469	66,015	71,510	16,467	18,956	15,582	15,010	14,856	18,915	15,715	22,024	29,756
Impairment of goodwill, long-lived & other assets	237	—	—	—	—	—	—	—	—	—	—	—
Impairment of other equity security ⁽²⁾	3,000	—	—	—	—	—	—	—	—	—	—	—
Acquisition or transaction-related expenses	758	—	—	—	—	—	—	—	—	—	—	1,543
Restructuring costs ⁽³⁾	1,795	4,666	6,096	628	107	68	3,863	321	425	5,917	(567)	678
Legal reserves and settlements ⁽⁴⁾	40	—	—	—	—	—	—	—	—	—	—	—
Certain non-recurring expenses ⁽⁵⁾	400	1,568	—	—	—	1,179	389	—	—	—	—	(14,337)
Income tax effects ⁽⁶⁾	(10,243)	(10,892)	(13,200)	(2,030)	(2,714)	(2,347)	(3,801)	(2,847)	(3,115)	(4,259)	(2,979)	(592)
Non-GAAP net income	\$31,255	\$80,475	\$99,451	\$13,998	\$19,035	\$23,308	\$24,134	\$18,344	\$18,810	\$29,699	\$32,598	\$23,822
<i>Net (loss) income margin</i>	<i>(8%)</i>	<i>2%</i>	<i>4%</i>	<i>(1%)</i>	<i>1%</i>	<i>5%</i>	<i>5%</i>	<i>3%</i>	<i>1%</i>	<i>7%</i>	<i>8%</i>	<i>3%</i>
<i>Non-GAAP net income margin</i>	<i>5%</i>	<i>12%</i>	<i>15%</i>	<i>8%</i>	<i>11%</i>	<i>14%</i>	<i>15%</i>	<i>11%</i>	<i>11%</i>	<i>18%</i>	<i>20%</i>	<i>13%</i>

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concluded in 2022. (2) In December 2022, we fully impaired our investment in Mylo and incurred a loss of \$3.0 million as the fair value of our investment was determined to be zero based upon an observable sale of their common equity. (3) Restructuring costs relate to certain one-time severance events for different components of our business. For 2022, we incurred restructuring costs related to the reduction of our U.S. headcount. For 2023, restructuring expenses related to the reduction of our U.K. headcount, which was substantially complete by December 31, 2023. For 2024 and 2025, restructuring expenses related to the reduction of our U.S. headcount. (4) Legal reserves and settlements include costs accrued or paid for potential litigation settlements, and are net of insurance recoveries, if any. (5) In 2022, certain non-recurring expenses consisted of compensation expense was recorded in sales and marketing expenses related to the departure of a member of management. In 2023, certain non-recurring expenses included costs incurred by the Company in conjunction with the secondary offerings by a selling stockholder in September 2023 and November 2023. In 2025, we recorded a one-time gain from a sale of a previously owned office facility based in Austin, Texas. (6) The estimated income tax effect of the non-GAAP pre-tax adjustments is determined by applying the statutory rate of the originating jurisdiction, if applicable.

Reconciliation of net cash provided by operating activities to free cash flow

<i>FYE Dec 31, \$K</i>	2022	2023	2024	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Net cash provided by operating activities	\$73,837	\$124,308	\$135,639	\$29,208	\$45,165	\$27,441	\$22,495	\$34,194	\$27,245	\$31,613	\$42,586	\$50,703
Purchase of property and equipment	(22,098)	(31,593)	(35,696)	(7,428)	(7,799)	(7,993)	(8,374)	(9,477)	(9,873)	(9,638)	(6,707)	(9,378)
Free cash flow⁽¹⁾	51,739	92,715	99,943	21,780	37,366	19,448	14,121	24,717	17,372	21,975	35,879	41,325
<i>Operating cash flow margin⁽²⁾</i>	12%	19%	20%	18%	27%	16%	14%	20%	15%	19%	26%	28%
<i>Free cash flow margin⁽²⁾</i>	8%	14%	15%	13%	22%	12%	9%	14%	10%	13%	22%	23%

(1) We define free cash flow as cash generated by operations after purchases of property and equipment including capitalized internal-use software. (2) 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.

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